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918-596-1500

SENATOR DOLE SCHEDULE
REPUBLICAN GOVERNOR'S ASSOCIATION
TULSA, OKLAHOMA

TUESDAY, AUGUST 17, 1993

8:15AM Lv. Watergate for National Airport

8:25AM Ar. Washington National Airport
Signature Flight Support
703-549-8340

8:30AM(EDT) Lv. Washington

AIRCRAFT: Lear 35
OWNERS: Flight Services Group (charter)
TAIL NO.: N99RF
SEATS: 6
PILOT: Frank Leventhal
CO-PILOT: Catherine Langling

FLIGHT TIME: 2 HOURS, 45 MINUTES
MANIFEST: Senator Dole

Mike Glassner
Kristin Hyde
CONTACT: Flight Services Group
800-666-6767

10:15AM(CDT) Ar. Tulsa, Oklahoma
Tulsa Air Beechcraft
918-835-7651

MET BY: Chris Hennick
E.D., R.G.A.
DRIVE TIME: 20 MINUTES

10:35AM Ar. Tulsa Convention Center
PROCEED TO HOLD
Contact: 918-596-1500/1566

10:55AM Lv. HOLD and proceed to stage
Escort: Gov. Carroll Campbell

SENATOR DOLE SCHEDULE
NATIONAL GOVERNOR ASSOCIATION/TULSA
PAGE 2

TUESDAY, AUGUST 17

11:00AM- SPEAK/NATIONAL GOVERNOR'S ASSOCIATION
11:20AM ANNUAL MEETING

CROWD SIZE: 300
PROGRAM: SEE ATTACHED AGENDA
INTRO: GOV. CARROLL CAMPBELL
REMARKS: SENATOR DOLE
PRESS: OPEN (C-SPAN, CNN, ETC)

11:25AM Lv. stage and proceed to hold/Gov. Campbell
Escort: Chris Hennick

11:40AM Lv. hold and proceed to Press Conference
Location: TBD

11:45AM PRESS CONFERENCE WITH GOV. CAMPBELL
12:05PM

12:05PM Lv. Tulsa Convention Center
Drive time: 20 minutes

12:25PM Ar. Tulsa International Airport
FBO: Tulsa Air Beechcraft
918-835-7651

12:30PM Lv. Tulsa for Laconia

AIRCRAFT: Lear 35
TAIL #: N99RF
SEATS: 4
PILOT: Frank Leventhal
CO-PILOT: Catherine Langling
MANIFEST: Senator Dole
Mike Glassner
Kristin Hyde

FLIGHT TIME: 3 HOURS

CONTACT: Flight Services Group
800-666-6767

4:30PM(EDT) Ar. Laconia

FBO: Emerson Aviation
603-293-7980

MET BY: Suzanne Niemela

AGENDA

SATURDAY, AUGUST 14

- | | |
|---|---|
| 8:00 a.m.-5:00 p.m.
<i>Exhibit Hall Gallery</i>
<i>Tulsa Convention Center</i> | General Registration |
| 8:00 a.m.-6:30 p.m.
<i>Exhibit Hall B</i>
<i>Tulsa Convention Center</i> | News Media Registration |
| 10:30 a.m.-11:00 a.m.
<i>Conference Hall B</i>
<i>Tulsa Convention Center</i> | Opening News Conference |
| 11:00 a.m.-1:30 p.m.
<i>Conference Hall A</i>
<i>Tulsa Convention Center</i> | Task Force on State Management: Conference on Redesigning Government

Governors' Plenary Session
Governor William F. Weld, Massachusetts, Co-Chair
Governor David Walters, Oklahoma, Co-Chair

■ The Imperatives to Redesign Government
Governor Roy Romer, Colorado, NGA Chair

<i>Guest:</i>

William F. Winter, Former Governor of Mississippi,
Chair, National Commission on the State and Local
Public Service

■ A Dialogue on the Imperatives
Governors and Panelists

■ Models for Redesigning State Government
Performance-Based Governance
Governor Barbara Roberts, Oregon
Human Services Consolidation and Coordination
Governor John Engler, Michigan
Privatization of Government Services and Assets
Governor William F. Weld, Massachusetts
Management Systems Reform
Governor David Walters, Oklahoma |

- **A Dialogue on Common Challenges and Approaches**
Governors and Panelists
- **Implications for Task Force Priorities for the Next Year:**
Perspectives from the Incoming NGA Chair
Governor Carroll A. Campbell Jr., South Carolina

1:45 p.m.-3:15 p.m.
Conference Halls D-G
Tulsa Convention Center

Task Force on State Management: Conference on
Redesigning Government

Implementation Workshops

Participants are invited to attend two of the following four workshops offered concurrently in each ninety-minute sequence. Each workshop will be repeated from 3:30 p.m. to 5:00 p.m.

Conference Hall D

- **Performance-Based Governance**

Conference Hall E

- **Human Services Consolidation and Coordination**

Conference Hall F

- **Privatization of Government Services and Assets**

Conference Hall G

- **Management Systems Reform**

3:30 p.m.-5:00 p.m.
Conference Halls D-G
Tulsa Convention Center

Task Force on State Management: Conference on
Redesigning Government

Implementation Workshops

These are repeats of workshops that were held from 1:45 p.m. to 3:15 p.m.

Conference Hall D

- **Performance-Based Governance**

Conference Hall E

- **Human Services Consolidation and Coordination**

Conference Hall F

- **Privatization of Government Services and Assets**

Conference Hall G

- **Management Systems Reform**

5:30 p.m.-6:30 p.m.
The Summit Tower
One Williams Center
Entrance off 2nd Street

Reception for Governors and Invited Guests
By Invitation

Recommended dress is business attire. Governors may use transportation provided by the host state.

6:30 p.m.-10:00 p.m.
Gilcrease Museum of Art
1400 Gilcrease Museum
Road

**Reception and Dinner for Governors, Their Spouses,
 the Oklahoma Host Committee, and Invited Guests
 By Invitation**

Recommended dress is business attire. Governors and their spouses may use the transportation provided by the host state. Other invited guests may use special shuttle transportation from the hotels or may drive to the event. Attendees must wear their meeting credentials throughout the event. Other invited guests should refer to the information included with the invitation for specific details about transportation, parking, and credentials for this event, or stop by the Host Hospitality/Transportation Desk in the Exhibit Hall Gallery of the Convention Center or their hotel lobby.

7:30 p.m.-9:30 p.m.
Greenwood Cultural Center
Greenwood Jazz Festival

"NGA Jazz Night"
Party for Media Attendees
By Invitation

Recommended dress is summer casual. Media attendees may use the shuttle transportation operating between the hotels and the shuttle stop at the Greenwood Jazz Festival. Shuttle stop hosts will direct attendees to the party location upon arrival. Attendees must wear meeting credentials to board the shuttle and throughout the event.

7:30 p.m.-9:30 p.m.
University Center at Tulsa
700 North Greenwood

"NGA Jazz Night"
Reception for Governors' Senior Staff and Invited Guests
By Invitation

Recommended dress is summer casual. Attendees may use the shuttle transportation operating between the hotels and the shuttle stop at the Greenwood Jazz Festival. Shuttle stop hosts will direct attendees to the reception location upon arrival. Attendees must wear meeting credentials to board the shuttle and throughout the event.

SUNDAY, AUGUST 15**7:00 a.m.-9:00 a.m.****Worship Services***The Host Hospitality/Transportation Desk at each hotel will provide locations and schedule information for Governors and their families interested in attending worship services.***8:30 a.m.-5:30 p.m.****General Registration****Exhibit Hall Gallery
Tulsa Convention Center****8:30 a.m.-7:00 p.m.****News Media Registration****Exhibit Hall B
Tulsa Convention Center****9:30 a.m.-10:30 a.m.****Staff Advisory Council to the Committee on Natural Resources****Buckingham Room
Doubletree Hotel Downtown****9:30 a.m.-11:00 a.m.****Brunch for Governors and Their Families****The Summit Tower
Ona Williams Center
Entrance off 2nd Street***Governors and their families should use the transportation provided by the host state. The Summit Tower is located downtown across the street from the Adam's Mark Tulsa Hotel.***9:30 a.m.-11:00 a.m.****Press Aides Brunch and Work Session
By Invitation****Woodward Room
Doubletree Hotel Downtown****9:30 a.m.-10:30 a.m.****Staff Advisory Council to the Committee on Economic Development and Commerce****Windsor Room
Doubletree Hotel Downtown**

11:30 a.m.-1:15 p.m.
Arena, Lower Level
Tulsa Convention Center

Executive Committee

Attendees should plan to arrive early to allow sufficient time for special security procedures.

Governor Roy Romer, Colorado, Chair

- Update on Legislative Issues and Priorities
- Consideration of Proposed Policy
- Reinventing Government

Guest:

Albert Gore Jr., Vice President of the United States

- Consideration of Administrative Issues and Other Business

1:30 p.m.-3:15 p.m.
Conference Hall D
Tulsa Convention Center

Task Force on Health Care

Governor Carroll A. Campbell Jr., South Carolina,
Co-Chair

Governor Howard Dean, Vermont, Co-Chair

- The State Initiatives in Health Care Reform Project

Guest:

Nancy Barrand, Senior Program Officer, Robert Wood
Johnson Foundation

- Governors' Roundtable on State Health Care Reform

Cost Control

Governor Arne H. Carlson, Minnesota

Delivery System Changes—Medicaid Managed Care
Governor Tommy G. Thompson, Wisconsin

The Politics of State Health Care Reform

Governor Lawton Chiles, Florida

Governor Brereton C. Jones, Kentucky

- Health Care Reform Means Workforce Reform

Guest:

Edward H. O'Neil, Executive Director, Pew Health
Professions Commission

3:30 p.m.-5:00 p.m.
Manchester Room
Doubletree Hotel Downtown

Governors-Only Work Session
Governors and One Senior Staff Member

6:30 p.m.-9:30 p.m.
Philbrook Museum of Art

"The Oil Baron's Garden Gala"
Welcome Reception for All Meeting Attendees

Musical selections will be performed by graduates of the Oklahoma Arts Institute, a 1989 winner of the NGA Distinguished Service Award.

Recommended dress is summer casual with comfortable shoes for strolling through the Philbrook's magnificent museum and formal gardens. Governors and their families may use the transportation provided by the host state. NGA credentials must be worn to board the shuttle transportation and throughout the event. Buses will depart from the hotels every fifteen minutes between 6:15 p.m. and 9:15 p.m. Since no additional parking is available at the museum, meeting attendees must use shuttle transportation. Return transportation will be provided every fifteen minutes until 10:00 p.m.

Arrangements have been made for local attendees to park at Utica Square, at 21st and Utica, beginning at 6:15 p.m. Shuttles will run continuously throughout the evening.

A limited number of tickets to this event are available for purchase by registered attendees for their guests and by media attendees at the Ticket Sales Office in the Exhibit Hall Gallery of the Convention Center.

Please note that the Philbrook gift shop will be open for this event.

MONDAY, AUGUST 16

8:00 a.m.-5:30 p.m.
Exhibit Hall Gallery
Tulsa Convention Center

General Registration

8:00 a.m.-7:00 p.m.
Exhibit Hall B
Tulsa Convention Center

News Media Registration

7:30 a.m.-9:00 a.m.

Breakfast Meeting of the Democratic Governors' Association
(See page 18 for details.)

7:30 a.m.-9:00 a.m.

Breakfast Meeting of the Republican Governors Association
(See page 18 for details.)

9:15 a.m.-11:15 a.m.
Arena, Lower Level
Tulsa Convention Center

Opening Plenary Session
Attendees should plan to arrive early to allow sufficient time for special security procedures.

Governor Roy Romer, Colorado, Chair

■ National Health Reform: The Small Business Perspective

Guest:

■ John Motley, Vice President for Federal Government Relations, National Federation of Independent Businesses

■ Context for Health Care Reform

Governor Carroll A. Campbell Jr., South Carolina
Governor Howard Dean, Vermont

■ Remarks from the President

Guest:

Bill Clinton, President of the United States

11:30 a.m.-1:15 p.m.
Assembly Hall, 2nd Level
Tulsa Convention Center

Governors-Only Lunch and Work Session with President Bill Clinton

11:30 a.m.-1:15 p.m.
Buckingham Room
Doubletree Hotel Downtown

Chiefs of Staff Lunch and Work Session
By Invitation

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11:30 a.m.-12:45 p.m. <i>Remington Room</i> <i>Doubletree Hotel Downtown</i>	Staff Seminar on Building Public Support for Education Reform <i>Governors' Staff and Invited Guests</i>
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1:30 p.m.-3:15 p.m. <i>Conference Hall D</i> <i>Tulsa Convention Center</i>	Task Force on Education Governor Roy Romer, Colorado, Co-Chair Governor George V. Voinovich, Ohio, Co-Chair ■ Goals 2000: The Clinton Administration's Education Agenda <i>Guest:</i> Richard W. Riley, U.S. Secretary of Education ■ Standards: Where are we? Where are we going? Governor Roy Romer, Colorado <i>Guest:</i> Marc S. Tucker, President, National Center on Education and the Economy ■ Building Support for Systemic Reform: The Role of the Private Sector Governor George V. Voinovich, Ohio <i>Guest:</i> John D. Ong, Chairman and CEO, The BF Goodrich Company
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1:30 p.m.-2:30 p.m. <i>Conference Hall C</i> <i>Tulsa Convention Center</i>	Health Care Reform Update for Governors' Health Care Aides <i>By Invitation</i>
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3:30 p.m.-5:30 p.m. <i>Arena, Lower Level</i> <i>Tulsa Convention Center</i>	Committee on Economic Development and Commerce Governor Jim Edgar, Illinois, Chair ■ NAFTA Implementation and the Role of the States Governor Ann W. Richards, Texas Governor Tommy G. Thompson, Wisconsin <i>Guest:</i> Representative of the Clinton Administration
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■ **Economic Growth and Development Incentives:
Discussion of Principles of Mutual Cooperation**

Governor Jim Edgar, Illinois
Governor Bruce Sundlun, Rhode Island

■ **Workforce Development Programs: Successful State
Reform**

Governor Gaston Caperton, West Virginia

Guest:

Duncan Wyss, Executive Director, Oregon Progress
Board

■ **Report of Lead Governor on Transportation**

Governor Bob Miller, Nevada

■ **Consideration of Proposed Policy**

3:30 p.m.-5:30 p.m.
Conference Hall D
Tulsa Convention Center

Committee on Human Resources

Governor Jim Florio, New Jersey, Chair

■ **Welfare Reform**

Guest:

David Ellwood, Assistant Secretary for Planning and
Evaluation, U.S. Department of Health and Human
Services

■ **Workforce Development Issues: An Overview from the
Employer Perspective**

Guests:

Alfred J. Cade, Senior Vice President, Caesars Atlantic
City

David Crawford, Ph.D., President and CEO, Econconsult
Corporation

Diane R. Johnson, Staff Specialist, Jostens, Inc.

Robert L. Wehling, Vice President of Public Affairs,
Procter & Gamble Worldwide

■ **Consideration of Proposed Policy**

3:30 p.m.-5:30 p.m.
Conference Hall A
Tulsa Convention Center

Committee on Natural Resources

Governor Michael Sullivan, Wyoming, Chair

■ The Summer of 1993: Impact on Agricultural Outlook

Guest:

Mike Espy, Secretary, U.S. Department of Agriculture

■ Environmental Priorities and the State-Federal Partnership

Guest:

Bob Sussman, Deputy Administrator,
U.S. Environmental Protection Agency

■ America's Transition to Alternative Fuels

Guests:

Congressman Mike Synar, Chair, House Government
Operations Subcommittee on Environment, Energy and
Natural Resources

Bob Trunak, Senior Vice President for Manufacturing,
Engineering, and Technology, ARCO

Samuel A. Leonard, Director, Auto Emission Controls,
General Motors Corporation

■ Consideration of Proposed Policy

6:30 p.m.-9:30 p.m.
Discoveryland
Sand Springs, Oklahoma

"Oklahoma Fare"

Reception and Dinner for All Meeting Attendees

Recommended dress is lightweight western attire. Comfortable walking shoes are suggested. Governors and their families may use the transportation provided by the host state. Other meeting attendees may either use shuttle transportation from the hotels or drive to the event. NGA credentials must be worn to board the shuttle transportation and throughout the event. Buses will depart the hotels every fifteen minutes between 6:15 p.m. and 9:15 p.m. Return transportation will be provided every fifteen minutes until 10:00 p.m.

A limited number of tickets to this event are available for purchase by registered attendees for their guests and by media attendees at the Ticket Sales Office in the Exhibit Hall Gallery of the Convention Center.

News Media Registration

News Media Registration

General Registration

Regional Governors' Organizations Meetings
(See pages 18 for details)

Planary Session

Governor Roy Romer, Colorado, Chair

■ The Federal Budget

Guest:

■ **Reinventing Government: An Imperative for States and Localities**

Panelists:

Governor Jim Edgar, Illinois, President, Council of State Governments

Representative Arthur Hamilton, President, National Conference of State Legislatures

Senator Robert L. Connor, President-elect, National Conference of State Legislatures

Commissioner John H. Stroger Jr., President, National Association of Counties

Commissioner Barbara Sheen Todd, First Vice President, National Association of Counties

**City Manager Daniel Kleman, President-Elect,
International City/County Management Association**

Mayor Donald M. Fraser, President, National League of Cities

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**Mayor William J. Althaus, Immediate Past President,
U.S. Conference of Mayors**

**State Gubernatorial Initiatives
Governor William F. Weld, Massachusetts
Governor David Walters, Oklahoma**

Legislative and Local Government Initiatives

**The Role of Elected Leadership in Re-engineering
Government and Opportunities for Better
Intergovernmental Cooperation**

- **Consideration of Proposed Policy**
- **Presentation of NGA Distinguished Service Awards**
- **Recognition of Departing Governor**
- **The State Role in National Service**

Guest:

**Eli Segal, Assistant to the President and Director of the
Office of National Service**

- **Report of the Nominating Committee**
- **Remarks of the 1993-94 Chair**

**12:00 noon-12:30 p.m.
Conference Hall B
Tulsa Convention Center**

Closing News Conference

**12:30 p.m.-1:00 p.m.
Conference Hall A
Tulsa Convention Center**

**1993-94 Executive Committee and Standing
Committee Chairs**

**1:30 p.m.-2:30 p.m.
Conference Hall F
Tulsa Convention Center**

Special Trade Briefing for Governors

- **GATT Government Procurement Code**

Guests:

Officials of the Office of the U.S. Trade Representative

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ANCILLARY MEETINGS

SUNDAY, AUGUST 15

9:30 a.m.-11:15 a.m. Council of Governors' Policy Advisors (CGPA)
Remington Room Executive Board Meeting
Doubletree Hotel Downtown

12:00 noon-1:00 p.m. National Governors' Security Association
Conference Hall C
Tulsa Convention Center

MONDAY, AUGUST 16

7:30 a.m.-9:00 a.m. Breakfast Meeting of the Democratic Governors'
Manchester Room Association
Doubletree Hotel Downtown

7:30 a.m.-9:00 a.m. Breakfast Meeting of the Republican Governors'
Woodward Room Association
Doubletree Hotel Downtown

TUESDAY, AUGUST 17

7:30 a.m.-9:00 a.m. Midwestern Governors' Conference
Conference Hall F
Tulsa Convention Center

7:30 a.m.-9:00 a.m. Southern Governors' Association
Conference Hall G
Tulsa Convention Center

10:30 a.m.-11:30 a.m. National Governors' Security Association
Conference Hall D
Tulsa Convention Center

THE WHITE HOUSE

Office of the Press Secretary
(Tulsa, Oklahoma)

For Immediate Release

August 16, 1993

REMARKS BY THE PRESIDENT
TO THE OPENING PLENARY SESSION OF THE
85TH ANNUAL MEETING OF THE
NATIONAL GOVERNORS ASSOCIATION

Tulsa Convention Center
Tulsa, Oklahoma

10:50 A.M. CDT

THE PRESIDENT: Thank you very much. Governor Romer; Governor Campbell; our host Governor, Governor Walters. I'm really glad to be here today. The last time the governors met in Oklahoma was in 1981, right after I had just become the youngest former governor in American history. I've never been to an NGA meeting in Oklahoma, so I would have showed up here even if you hadn't invited me to speak.

I want to say that Hillary and I are both very glad to be here to be with you again. We're looking forward to our meeting after this where we can talk about the health care issue and other issues in greater detail. I treasure the partnership that I have had with so many of you and which we are trying to develop and literally imbed in federal policy today. I know that you have already received an update on the progress that we have made together working on more rapid processing of the governors' waiver request in many different areas and a number of other issues, which I hope we'll be able to talk more about later.

I know, too, that the Vice President has already been here and taken all my easy lines away. He even told you the ashtray story, I know, yesterday -- (laughter) -- which I understand Governor Richards said was one of those issues that her mother in Waco could understand. (Laughter.)

Today I come to talk to you about the issue of health care. I would like to put it into some context. When I became President it was obvious to me, based on just the announcements and evidence which had come into play since the November election, that the federal deficit was an even bigger problem than I had previously thought, and that unless we did something about it, we would not have the capacity to deal with the whole range of other issues -- that forever, at least during the term of my service we would be nibbled away at the edges in trying to deal with health care reform, or defense conversion, or welfare reform, or any other issue by the fact that we simply were not in control of our own economic destiny.

And so we devoted the first several months of this administration to trying to pass an economic plan that would reduce the deficit by a record amount; that would have at least as many spending cuts as new tax increases -- in fact, we wound up with more spending cuts -- and that would give some incentives where they were needed, particularly in the small business, in the high-tech, and the new business area, to try to grow more jobs for the American economy. That has, I believe, laid a very good foundation for the future.

This morning I was reading in the morning newspapers that long-term interest rates are now at a 20-year low, the lowest they've been since 1973. And we have the basis now to proceed on a whole range of other issues. When the Congress

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comes back next month, I believe that the Senate will rapidly pass the national service legislation, which many of you are very familiar with and which many of you have supported. It will pass on a bipartisan basis and will enable tens of thousands of our young people to earn credit for their college education by serving their communities at home and solving problems that no government can solve alone.

We are working on defense conversion initiatives from northern California to South Carolina and at all points in between. I hope we can do more on that. We will have a major welfare reform initiative coming up at the first of the year, which I hope all of you will not only strongly support but will be active participants in, and meanwhile keep doing what you're doing and asking for the waivers you think you need.

There is now before the Congress a crime bill, which can have a big impact in every state here, that will add 50,000 more police officers on the street, support innovations like boot camps for first offenders, help us to pass the Brady Bill and deal with a number of other issues facing us there.

There will be initiatives to expand the economic range of Americans. As I know that you all know now, and I wish he could be here with us today, our Trade Ambassador Mickey Kantor successfully concluded the NAFTA negotiations just a few days ago with some historic -- some historic provisions never before found in a trade agreement anywhere, including the agreement by the government of Mexico to tie their minimum wages to productivity and economic growth and then to make their compliance with that the subject of a trade agreement, which means that it can be reviewed, that if there are violations they can be subject to fine, and, ultimately, the trade sanctions can be imposed. Nothing like this has ever been found in a trade agreement before. It ensures that workers on both sides of our border can benefit. And I appreciate the support of the governors for the whole issue of expanding trade. We are now in Europe trying to get the GATT negotiations back on track, and I hope we can do that.

Finally, let me say there will be a whole push toward the end of the year on a whole range of political reform issues. One of the other House of Congress have already passed a campaign finance reform bill, a lobby limitation bill, and the modified line item veto, which I know that -- I think that 100 percent of you think that the President ought to have.
(Applause.)

In addition to that, the Vice President will issue a report to me very shortly on the reinventing government project, which he discussed with you in great detail yesterday. The only thing I can tell you is that everything I ever suspicioned about the way the federal government operates, turned out to be true, plus some. The ashtray story is only illustrative.

The fundamental problem is not that there are bad people in the federal government or that the payrolls have been swollen by people who just want to pad them. That is not true. In fact, many of the federal agencies didn't grow at all in the 1980s. What has happened is that for the last 60 years one thing has been added on to another and people with the best of intentions have just piled one more requirement on to the federal government, and the fundamental systems that operate this government have gone unexamined for too long -- whether it's personnel, or budgeting, or procurement. And we are trying to do that in ways that I think would free up a lot of money and improve the efficiency and service that the American people are entitled to expect from all of us.

Now, having said all that, I want to make two comments. I don't think that any of it will take American where we need to go unless we also reform the health care system --

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which is the biggest outstanding culprit in the federal deficit -- and in promoting economic dislocations in this economy. And secondly, I don't think we can do it, unless we do it on a bipartisan basis. (Applause.)

I never want to go through another six months where we have to get all of our votes within one party and where the other party has people that want to vote with us and they feel like they got to stay -- and the whole issue revolves around process instead of product, political rhetoric instead of personal concern for what's going to happen to this country. There's plenty of blame to go around -- as far as I'm concerned there will be plenty of credit to go around -- I don't much care who gets the credit for this health care reform as long as we do it.

But I am convinced that what this nation really needs is a vital center; one committed to fundamental and profound and relentless and continuing change in ways that are consistent with the basic values of most Americans and that move all of us along a path. And I don't think you can do it unless we can sit down together and talk and work.

Many of the skills which are highly prized among you, both in your own states where you serve and work with people who think differently than you do on some issues, who belong to different parties than you do, and the way you work around this table. Those skills are not only not very much prized, sometimes they're absolutely demeaned in the Nation's Capital.

When we come here and we try to work on something like we worked on the welfare reform bill in 1988, we talked about: How does this really work? How are people really going to be affected by this? How can we deal with our differences of opinion and reach real consensus that represents principled compromise? And how can we be judged not just on what we say, but on what we do?

Back East, where I work, consensus is often turned into cave in; people who try to work together and listen to one another instead of beat each other up are accused of being weak, not strong. And the process is a hundred times more important than the product. Beats anything I ever saw. (Laughter.) And the people that really score are the people that lay one good lick on you in the newspaper every day instead of the people that get up and go to work, never care if they're on the evening news, never care if they're in the paper, and just want to make a difference. (Applause.)

And so I say to you, anything that you can do to help me and the Congress to try to recreate the mechanisms by which you have to function in order to do anything at the state level, and by which we have worked together here to move forward on a whole range of issues, I will be grateful for. This country has too many words and too few deeds on too many issues, and we can do better than that.

Now, let's talk about the health care issue. We all know what's right with our health care system. For those who have access to it, it is the finest in the world. Not only in terms of the incredible technological advances, but in terms of having choice of our physicians, ready access to health care and overall high quality that lasts throughout a lifetime. We can all be grateful for that.

My Secretary of Housing and Urban Development Henry Cisneros and I were talking the other day -- his son just had a profoundly important and difficult operation. Just a few years ago he was told that about all he could hope for for his boy was a comfortable life and eventually his time would run out, probably sooner rather than later. And because of the relentless

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progress of medical technology, his son now has a whole new lease on life.

Nobody wants to mess up what is good with American health care. We must preserve it and preserve it with a vengeance. But we also know what is not so good. We know that in a world in which we must compete for every job and all the incomes we can, we are spending over 14 percent of our income on health care, and only one other nation in the world, Canada, is over 9 percent. They're at about 9.4 percent. Our major competitors in the high-wage chase for the future, Japan and Germany, are down around 8 percent. So they're at 8 percent and we're at 14 percent.

More troubling, if we don't do anything to reverse the basic trends that are now rifling through our system, by the end of this decade we'll be at 19 percent of GDP on health care. No one else will be over 10 percent, and we'll be basically spotting our competitors 9 cents on the dollar in every avenue of economic endeavor. I don't think that is something that's right.

We know that this places enormous pressure on businesses. I'll come back to some of the comments made by Mr. Motley* along toward the end of my remarks, but the truth is that about 100,000 Americans a month are losing their health insurance because they're employers can no longer afford to carry it under the present system we have, and others, holding on for dear life, are never giving their employees pay raises. And it is estimated, unless we do something about this system, that the increased cost of health care between now and the end of the decade will literally absorb all of the money that might otherwise be available in this economy to raise the salaries of our working people.

We see employers unequally treated by the cruel hand of the system that we have. We know now we are spending far more money, about a dime on the dollar probably, administratively just on paperwork, pushing paper around, than any of our competitors are. A decade ago, the average doctor took home about 75 cents on the dollar that came into the clinic. Today that's down to 52 cents on the dollar -- in only 10 years -- because we are awash in paperwork imposed, a, by the government, and, b, for the fact that only the United States has 1,500 separate health insurance companies, writing thousands and thousands of different policies.

I have a doctor friend in Washington who recently hired somebody not even to do paperwork, but just to stay on the phone to call insurance companies every day to beat them up to pay what has already been covered -- money right out of the pockets of the nurses that work in his clinic. And there's a story like that in every health care establishment in America today.

We know we still have almost 40 million people uninsured, and more every month, not fewer. We know that state governments are literally being bankrupt by the rising costs of Medicaid, money that used to go to education, money that used to go to economic development, money that could have gone to law enforcement going every year just shoveling out the door not for new health care, more money for the same health care. And even when we control the price of certain things, that extra utilization or more people coming into the system, because the rest of it is broken down are driving the costs up.

We know that there are still serious access problems and we know, as I said, that the federal deficit is in terrible shape because of health care. If you look at this budget the Congress just adopted, defense goes down, discretionary spending is flat. That means we spend more money on defense conversion, on Head Start, on pregnant women, on a few other things -- every dollar that we spend more on that something else was cut. The only thing that's going up are the retirement programs -- and

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Social Security taxes produced a \$60 billion surplus for us even with the cost of living allowances -- and health care. Everything else is either flat or down.

And under all scenarios proposed by all people who presented any budgets last year, the deficit went down for four years and then started going up again because of health care. So the only way we can keep our commitments, you and I, to the American people to restore real control over this budget is to do something about health care.

Now, I would argue that if you know you've got a list of what's right and you know you've got a list of what's wrong, and what's wrong is going to eventually consume what's right, you cannot continue to do nothing. And I don't think most people want to continue to do nothing.

I want to thank the NGA and especially the governors who have worked with us throughout this process. Many of you have met with the First Lady and Ira Magaziner and the people that -- literally hundreds and hundreds of people who have worked with them on a bipartisan basis to try to craft a health care reform package that will ensure that the states are real partners in our efforts to preserve quality, cover everyone, control costs, and enable the states and the federal government to regain some control over their financial futures.

No one embodied that spirit of bipartisanship on this issue more than our late friend, George Mickelson. And I just want to take a work here to say how very much I appreciated him as a friend, as a governor, and as someone who had the sort of spirit that if it could embrace this country on this issue, we could solve this problem in good faith. (Applause.)

The national government has a lot to learn from the states in the tough decisions that some of you have made already. I can honestly say that along toward the end of my tenure as Governor, the most frustrating part of the job was simply writing bigger checks every year for the same Medicaid program, when I didn't have the money that all of us wanted to spend on education and economic development and the other important issues before us.

There have been phenomenally important contributions made to this debate already by the governors of many states in both parties. I won't mention one, five or ten for fear I'll leave out someone I should have mentioned, but let me say that I am very grateful to all of you for the work that you have already done. I also want to say a special word of regret about the absence here of the Governor from my home state, Jim Guy Tucker, who himself has been getting some world-class medical care. And I talked to him last night; he's feeling quite well and he promises to be at the next meeting.

But all of you have a role to play in what we're about to do. Over the last eight months, I've met with many of you personally in Washington; many of you have lent your staffs to the efforts that we're making on health care reform, and we've learned clearly that what works in North Dakota may not work in New York. Just yesterday, your Executive Committee pledged to support health care reform within a comprehensive federal framework that guarantees universal coverage and controls costs. We will work with the states to phase in reform, and we will help you to work out problems as they arise. And we have to have an honest discussion about what that framework ought to look like.

I want today to tell you what I think we should do. Next month I will outline a plan to Congress that will offer real hope for all Americans who want to work and take responsibility and create opportunities for themselves and their children. I think the elements of that plan ought to be as follows:

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One, we've got to provide health care security to people who don't have it. That means not just those who don't have health insurance coverage now, but those who are at risk of losing it. I don't know how many people I met last year all over this country, all kinds of people, who knew they would never be able to change jobs again because someone in their family had been sick. I don't know how many other people I met who couldn't afford their health insurance package because there was someone in their job unit that they needed to get rid of in order to be able to afford it. We have got to have a system of universal coverage that provides security to Americans.

Second, I think we have to have a system of managed care that maintains the private sector, organizes Americans in health alliances operated within each state, contains significant new incentives for prevention and for wellness and against overutilization, and that has a budget so that the competition forces should keep things within the budget, but, ultimately, especially in the early years, there must be some limit. I will say again, if we don't change this, we're going to go from 14 to 19 percent of our income going to health care by the end of the decade. It is going to be very difficult for us to compete and win in the global economy with that sort of differential.

Second -- third, excuse me -- there must be insurance reform. There has to be a basic package of benefits. There needs to be community rating. There has to be some opportunity -- I heard Governor Wilson talking about this before I came out -- for pooling for small employers. We cannot permit price differentials that exist today to get worse instead of better simply because of the size of the work units.

Finally, in this connection, if we do these things, there will be massive cuts in paperwork because you won't have to have every health unit in this country trying to keep up with thousands of different options and all the myriad complexities that flow from that. We won't have another decade when clerical employment in the health care area goes four times faster than health care providers. No one believes that that is a very sound investment in our nation's future.

Next, we have to have significant -- significant increases, not decreases in investment and research and technology.

Next, in my judgment, we should attempt to take the health care costs of the workers comp system and the auto insurance system into this reform. That might be the biggest thing we could do for small businesses. It would also perhaps be the biggest thing we could do to reduce some of the inequalities -- some of you might not like this, and others would love it -- but the inequalities in economic incentives that various states can offer because of dramatic differences in works comp costs from state to state, occasioned more than anything else by the health care burden of workers comp.

Next, I think that we should have 100 percent tax deductibility, not 25 percent tax deductibility, for self-employed people. And that will be a part of the plan we will offer to Congress -- something that will increase the capacity of people who are self-employed to maintain health insurance, whether they're farmers or independent businesspeople.

Finally, I think the states must have a strong role and essentially be charged with the responsibility and given the opportunity to organize and establish the health groups of people who will be able to purchase health care under the managed care system.

I think we should expand options for people of low incomes on Medicare but not poor enough to be on Medicaid to get a prescription drug benefit phased in over a period of years.

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Similarly, I think we must do the same thing with long-term care. But as we provide more long-term care opportunities for the elderly and for persons with disabilities, we must also expand the option so that they can get the least cost, most appropriate care. We must remove the institutionalized biases that are in the system now which keep a lot of people from having access to home care, for example.

And finally, I think there has to be some responsibility in this system for everyone. There are a lot of people today that get a free ride out of the present system who can afford to pay something. I think there should be individual responsibility. I think every American should know that health care is not something paid for by the tooth fairy, that there is no free ride, that people should understand that this system costs a lot of money -- it should cost a lot of money, it ought to be the world's best, but we should all be acutely aware of the cost each of us impose on it.

But I also believe that in order to make individual responsibility meaningful and in order to control the cost of this system, there has to be some means of achieving universal coverage. If you don't achieve universal coverage, in my judgment, you will not be able to control the costs adequately. Why? Well, for one thing, you will continue to have cost shifting. If you have uncompensated care, the people who give it will shift the cost to the private sector or to the government. And that will create significant economic dislocations.

Now, it seems to me we have four options. If you believe -- you have to decide -- if you believe everybody should be covered, you have only four options. And I would argue that three of them are not, at least based on what I have seen and heard, very good options in practice as opposed to in theory.

Option number one is to go to a single-payer system, like the Canadians do, because it has the least administrative cost. That would require us to replace over \$500 billion in private insurance premiums with nearly that much in new taxes. I don't think that's a practical option. I don't think that is going to happen. And you talk about -- that would be significantly dislocating in the sense that overnight, in a nation this size, you'd have all the people who are in the insurance business out of it unless they were in the business of managing the health care plans themselves, as more and more are doing.

Option number two would be to have an individual mandate rather than a mandate that applies to employers and to employees, saying that every individual's got to buy health insurance and here are some insurance reforms to make sure you can get it. This approach has found some favor in the United States Congress, primarily among Republicans, but not exclusively, because it has the appeal of not imposing a business mandate which has a bad sound to it.

Here's the problem with that, it seems to me. If you have an individual mandate, on whom is it imposed? And don't you have to give some subsidy to low-income workers, just the way you'll have to give some subsidy to low-income businesses if there's an employer mandate. Who gets it and who doesn't? And if you impose an individual mandate, what is to stop every other employer in America from just dumping his employees or her employees, to have a sweeping and extremely dislocating set of -- a chain of events start?

So it seems to me that there are a lot of questions that have to be asked and answered before we could embrace the concept of an individual mandate.

The third thing you could do is not worry about it. You could just say, well, we'll have all these other reforms and

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just hope that everybody, if you could lower the cost of insurance and simplify the premiums and have big pools, that sooner or later somehow everybody will be covered.

The problem is that there is a lot of evidence that some people will still seek a free ride. And make no mistake about it, people that never see themselves as free riders still ride the system, because everybody in this country who needs health care eventually gets it. It may be too late, it may be too expensive. But if someone who works in a workplace where there is no insurance has a child that gets hit in a car wreck or just gets sick or has an acute appendix or something happens, they'll get health care. And that will be paid for by someone else.

And, indeed, even for the employers and employees that may go a whole year and never use the health care system, it's there waiting for them. It's an infrastructure just as much as the interstate highway system is. Every medical clinic, every hospital, every nursing home, all these things are the health care infrastructure of the country all being paid for by someone else, but still available to be used for those folks.

So I don't think we can rationally expect to stop cost shifting or to have a fair system if we say we're going to organized all this and just hope everybody will get into it. That leaves the fourth alternative which is to build on the system we now have. The system we now have works for most Americans. Most Americans are insured under a system in which employers pay for part of the health insurance and employees pay for part of the health insurance, and it's worked pretty well for them except for the laundry list of problems that we talked about.

But most Americans are covered under it. What are the problems with doing this? Well, first of all, if you just passed an employer mandate and did nothing else, there would be a ton of problems in doing it, because the most vulnerable businesses would have the highest premiums and a bunch of them would really be in deep trouble. No one proposes to do that.

In other words, an employer mandate itself would not be responsible unless you also had significant insurance reforms, a long period of phase-in, and a limitation on how much the premium could be for very small businesses or businesses with very low-wage workers that obviously are operating on narrow profit margins.

But I would argue to you that based on my analysis of this -- and I've been thinking about this seriously now for more than three years, ever since the Governors Association asked me and the Governor of -- the then Governor of Delaware, now a Congressman from Delaware to look at the health issue. And I have thought about it and thought about it. There may be some other issue, but I see only those four options for dealing with this. And it seems to me the shared responsibility in a fair way of employer and employee, building on the system we have now which works -- taking proper account of the need to phase it in and to maintain limits on lower-income and lower-wage employment units -- is the fairest way to go.

Now, it seems to me that all this will be discussed and debated in the Congress; the governors will be a part of it. The first decision we have to make is whether we can fool around with this for another ten or 20 years or whether the time has come to act. Just consider this one fact: If health care costs had been held in check -- that is to inflation plus growth -- since 1980, state and local governments would have, on average, 75 percent more funding for public school budgets. In 1993, fiscal year 1993, states spent more on Medicaid than on higher education for the first time. And state spending on Medicaid is

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expected to jump from \$31 billion in 1990 to \$81 billion in 1995 if we don't change this system.'

I believe that health care reform will boost job creation in the private sector if it is done right. I believe it will offer a level playing field to all those small employers who are covering their employees right now and paying too much for it. I believe it will be a critical first step in rewarding work over welfare.

When we did the family support act in 1988, those of you who were here then will all remember what all of us concluded. And the Governor of South Carolina, since he had once been the ranking member of the appropriate subcommittee on the House Ways and Means Committee, played as big a role in understanding this as anybody else -- that a lot of people stayed on welfare not because of the benefits, because the benefits had not kept up with inflation; they did it because they couldn't afford child care for their kids and because they were going to lose health insurance for their children.

We have gone a long way, I think, toward reducing incentives to stay on welfare with this new economic plan, because the earned income tax credit has increased so much that now people that work 40 hours a week and have children in the home will be lifted above the poverty level. That was the most major piece of economic social reform in the last 20 years. But we still have to deal with the health care issue.

I recently had a very sad conversation with a woman who became a friend of mine in the campaign who was a divorced mother of seven children and her youngest child had a horrible, horrible and very expensive health care condition. The only way she could get any health care for this kid was to quit a job where she was making \$50,000 a year, proudly supporting these children, to go on public assistance so she could get Medicaid to take care of her child. And the young child just recently passed away. And so I called and talked to the woman and I was thinking about the incredible travail that she had gone through, and wondering if now she would ever be able to get another job making that kind of money to support her remaining children and to restore her sense of dignity and empowerment.

Let me say one last thing about this. I think if we do this right it will restore our sense of individual and common responsibility. I will say again, I do not believe anybody should get a free ride in this deal. I think we have all, at least I've been part of it, have made a mistake in trying to say that people should pay absolutely nothing for their health care if they could afford to pay something. People ought to pay in proportion to what they can afford to. But I think that the system we have is so riddled with those who don't have any responsibility at all that it is chock full of loopholes.

And let me say again, everybody who says, well, this is just too complicated and it's too much trouble and it's too hard to think about, ought to consider the consequences of doing nothing. Doing nothing means more people lose their coverage. And those who don't will pay too much for their coverage. Doing nothing means that all those uninsured and underinsured Americans will be covered by vast outlays by state, local and federal governments. The rest of us will pay more at the doctor's office, the hospital and our own businesses. Doing nothing means insurers will continue to be able to charge prices that are too high to those who don't have the good fortune of being in very large buying cooperatives, and that the paperwork burden of the this system, I will say again, will continue to be a dime on the dollar more than any other country in the world. We cannot sustain that sort of waste and inefficiency. (Applause.)

More than 60 cents of every new dollar going to the federal Treasury over the next five years under our reduced

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budget will go to health care -- after we had a \$54 billion reduction in Medicare and Medicaid expenses over the estimated cost of the previous budget -- 12 to 15 percent added costs every year for large businesses; 20 to 30 percent for small businesses; no wage increases for millions, indeed tens of millions of workers; and continued fear and insecurity. Policing the system against incompetence will be left to a flawed system of bureaucrats, of insurance oversight and malpractice that rewards things that don't deserve to be rewarded and ignores legitimate problems.

Now, let me talk about this jobs issue one more time. If you just imposed a mandate and did nothing else, would it cost jobs? Yes, it would. Any study can show that. That is not what we propose. If you reform the insurance system and all these big employers that are paying way too much now, and all these small employers that are paying way too much now, wind up with reductions or no increases in the years ahead, that is more money they're going to have to invest in creating new jobs in the private sector. (Applause.)

If you reform the insurance system, you phase in the requirements, and you limit the amount of payroll that someone can be required to put out in an insurance premium, you're going to limit the job loss on the downside while you're increasing it dramatically on the upside.

If you reduce the paperwork burdens, yes, you won't have this huge growth in people doing clerical works in doctors offices and hospitals and in insurance offices. But you will have more people going into old folks' homes and giving them good personal health care, trying to keep them alive in ways that are more labor intensive but less expensive. So there will be shifts here.

But who can say, if you trust, if you trust the private sector to allocate capital in ways that will make America most competitive and to take advantage of lower health care costs by reinvesting it in this economy, who could possibly say that if we move closer to the international average in the percentage of our income going to health care, it wouldn't lead to more productive investment and more jobs in America? I think that is clearly what would happen. (Applause.)

We have focused this debate only on the minority of people who don't have health insurance and don't cover their employees and assume that we would lay some mandate on them and make no other structural changes. I wouldn't be for that. You couldn't be for that, although at least that would stop the cost shifting. It would not be enough. That is not what we propose. But if you do this right and we phase it in so that as we deal with problems, we find them we can correct them, if the states are dealing with the management side of this through these health alliances, we can make this work.

It just defies common sense to say that we can't maintain the world's finest health care system, stop all this cost shifting, bring our costs back at some competitive level, cover everybody and create jobs. We'll still -- no matter what happens we'll be spending a lot more than any other country on health care at the end of the decade. But we'll be protecting people, and we'll be working with them.

I'm convinced that the biggest problem we've got right now is the fear of the unknown and the exaggeration into the unknown of what, in fact, is already known. To say that we're talking about some untried, untested thing ignores the experience of Hawaii, ignores the experience of every other country that we're competing with, ignores what we know about how our private sector could actually manage the problem better in some ways than Germany and Japan have managed it, and basically, is rooted in somehow our lack of belief that we can overcome all

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the ideological divides and the rhetorical barbs and the fears that are gripping us.

So I will say again, I don't pretend to have all the answers, but I am absolutely sure this is the problem that America cannot let go, that we cannot walk away from. And I am absolutely convinced that we can solve it if we can meet around a table without regard to party and listen to the facts and work through it. I am convinced of that.

I want to close by telling you a story. When the Pope came to Denver, and I was given the opportunity to go out there and meet him and have a private audience that I will remember and cherish for the rest of my life, we arranged for a young girl to come there and just stand in the audience. And all she did was have the Pope put his hand on her head and say a word of blessing. This child is 13 years old. She's from Wisconsin. Her father we met in the course of the campaign. She was born with a rare bone disease which caused the bones in her body to break continuously so that by the time she actually came out of her mother's womb she had already had about more than a dozen bones break in her body.

Just a few years ago anybody like that could never have grown up and had anything like a normal life. They just would have been helpless, just continually crumbling. Now, this girl has gone to the National Institute of Health every three months for her entire life. And even though she's just 13 years old, if she were here talking to you, she would speak with the presence, the maturity, the command of someone more than twice her age. And she looks a little different because the bones in her skull have broken, the bones in her legs have broken, the bones in her back have broken. But she can walk and she can function and she can go to school. And even though she's only four feet tall and weighs only 60 pounds, she can function.

And she asked her father to take her to Iowa so she could help people in Iowa to fight the flood. And she went to Iowa and loaded sand in the sandbags, knowing that any one of those bags could have broken her leg above the knee, could have put her away for a year. She said, I cannot live in a closet. This is something that's there. I want to live. I want to do my life. I want to do what other people do.

And I was so overcome by it -- I brought the girl to see me and then we just quietly arranged for her to be there when the Pope was there. I say that to make this point. I asked her why in the world she would have done that -- why she would have risked literally breaking her body apart to be there with all these big, husky college kids fighting this flood. And she said, "Because I want to live. And it's there, and I have to go on. I have to do things."

If a child like that can do something like that, surely to goodness, we can stop wringing our hands and roll up our sleeves and solve this problem. And surely we can do it without the kind of rhetoric and air-filling bull that we hear so often in the Nation's Capital. We can do it. (Applause.)

I miss you. I miss this. I miss the way we make decisions. I miss the sort of heart and soul and fabric of life that was a part of every day when I got up and went to work in a state capital. Somehow we've got to bring that back to Washington. Think about that little girl and help us solve this health care problem.

Thank you. (Applause.)

END

11:36 A.M. CDT

VIRGINIA GOVERNOR L. DOUGLAS WILDER
INTENDS TO OFFER THE FOLLOWING PROPOSED
NGA POLICY POSITION LANGUAGE AT
TOMORROW'S (AUGUST 17, 1993) PLENARY
SESSION:

**PROPOSED POLICY
LIMITING CRIMINAL ACCESS
TO HANDGUNS**

The Governors urge the Administration and the Congress to support and press for swift passage of legislation to institute a national five-business-day waiting period and background check before the purchase of a handgun.

Every year more than 30,000 Americans die as a result of gun violence. The vast majority of these deaths involve the use of concealable handguns. Currently, 26 states conduct background checks on handgun purchasers. The remaining states continue to sell handguns on the "honor system." The resulting patchwork of state laws allows criminals easy access to handguns, which can then flow freely from state to state on the "black market." The federal government needs to play a more active role in addressing this problem, with national legislation to reduce criminal access to handguns in all 50 states.

A national waiting period and background check would allow for better enforcement of existing federal and state laws prohibiting the possession of firearms by convicted felons, known drug offenders, and other dangerous individuals. It would also provide a "cooling-off" period for those who might purchase a handgun in the heat of anger or the depths of depression. Such legislation would help reduce the toll of handgun violence in America, with only minimal inconvenience to law-abiding gun owners.



OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001**Contact:**Jon Shure 918-596-1570 (Tulsa)
Audrey Kelly 908-355-0214 (N.J.)**TRENTON, N.J. 08625**Sunday,
Release Aug. 15, 1993

GOV. FLORIO AND OTHER GOVERNORS AGREE TO WORK OUT COMPACT TO COMBAT ILLEGAL GUN ACTIVITY

TULSA -- Gov. Jim Florio and the Governors of Maryland, Delaware and Virginia today agreed to work out the details of a compact of cooperation to help eliminate the illegal trafficking of firearms across state lines and to aid in the investigation and prosecution of cases involving such weapons.

"The best efforts of any one state will never be enough," said Gov. Florio, whose state has on the books the toughest law in the nation to ban military-style assault weapons. "Too often, guns flow from one state to another and no one notices. By working together we can start to deal with this problem and the gun violence to which it exposes people."

Gov. Florio, attending the annual summer meeting of the National Governors Association, conferred with Gov. William Donald Schaefer of Maryland, Thomas Carper of Delaware, and Douglas Wilder of Virginia. Talks are also taking place with the State of New York.

Gov. Schaefer said, "Strong gun laws in Maryland and each of our states are essential to making our communities safer. But it is still too easy to carry guns from one state to another. If we work together, sharing information and resources, we can make the Mid-Atlantic states a stronghold against gun trafficking."

Gov. Wilder said, "This past year, New York and Virginia formed a compact of cooperation to halt gun trafficking, and the results have been encouraging. This regional network is an important step towards getting illegal guns off the streets and criminals behind bars."

The decision by the governors to reach an interstate agreement reflects the fact that gun violence is a national problem that requires a national solution. While New Jersey has some of the strictest laws in the nation -- a strong waiting-period restriction for handguns to go along with the ban on assault weapons -- the supply of illegal guns is increased by the ease by which they can be brought into New Jersey from other states. A corollary problem is that criminals seeking to take guns into New York State must in most cases transport them through New Jersey.

Under the compact the governors have agreed to develop, the mutual roles and responsibilities of the New Jersey State Police Firearms Investigative Unit and those of its counterparts in the other states would be worked out. The agreement will help to trace illegal weapons to their source, interdict illegal gun shipments, enforce existing firearms laws more effectively and prosecute those caught trafficking in illegal weapons. Once liaisons have been established among the states, all firearms related cases involving those states would be assigned to those units.

In addition, computerized records will be established by each state, containing information about persons or groups identified as dealing in the illegal transportation or sale of firearms. Each state will have the ability to cross-reference the other states'

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information. Periodic conferences will be held by the states in conjunction with the federal Bureau of Alcohol, Tobacco, and Firearms to exchange ideas, identify trends and develop cooperative law enforcement and investigative strategies.

This agreement would also aim to send a message to other states and to Congress that strong regulations are needed to regulate the purchase of dangerous weapons.

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NEW JERSEY'S ASSAULT WEAPON LAW: *A Chronology*

June, 1989:

Governor Jim Florio, as a candidate, pledges to ban assault weapons.

May 30, 1990:

Governor Florio signs New Jersey's assault weapon law, the toughest in the nation, which bans the sale and severely restricts possession of these deadly weapons.

The law defines assault weapons in several ways. It specifies a list of assault weapons as well as language which includes in the definition any firearm that is "substantially identical" to firearms on the list. The bill also covers detachable magazines that are capable of holding more than 15 rounds.

Under the law, assault weapon owners were given one year, until May 30, 1991, to either:

- sell their guns to licensed dealers or a lawful out-of-state purchaser;
- Render the gun inoperable by removing or discarding the firing pin or some other essential part, and providing certification to local police;
- Register the gun if it was classified as a legitimate target-shooting weapons;
- Turn the gun in to the police.

April 11, 1991:

New Jersey's assault weapon ban is endorsed by Sarah Brady, Chair of Handgun, Control, Inc., and wife of Jim Brady, President Reagan's former press secretary who was seriously wounded in the 1981 assassination attempt.

May 30, 1991:

A state Chancery Division court ruling upholds the state's assault weapon ban, allowing the law to be implemented and requiring gun owners to comply with the May 30 deadline.

June 3, 1991:

An appellate court ruling agrees that the state's gun law should stand and must be enforced. Despite its rhetoric, the gun lobby never appeals to the State or U.S. Supreme Court.

July 7, 1991:

A Star Ledger/Eagleton Poll shows that 73 percent of New Jersey residents say that they support the state law.

July 8, 1991:

Governor Florio vetoes a bill, S 3140, that would have substantially weakened the state's assault weapon ban. No override vote is ever attempted on this bill.

- May 6, 1992:* Governor Florio enlists the support of N.J. Citizens to Stop Gun Violence, a coalition of civic, religious, medical and community organizations who oppose legislative efforts to weaken New Jersey's assault weapon law.
- May 28, 1992:* A new bill to repeal the state's assault weapon law, (A-7), passes the Republican-controlled Assembly and moves to the Senate.
- June, 1992:* Figures released by N.J. Citizens to Stop Gun Violence show that in the past three years, the NRA and its affiliate, the N.J. Coalition of Sportsmen, poured \$364,000 into legislative campaigns, including nearly \$60,000 to the Assembly Republican majority PAC.**
- July, 1992:* During its national convention, the Democratic Party includes in its platform a national ban on assault weapons.
- August, 1992:* Former Republican Governor Thomas H. Kean says the Legislature is "dead wrong" in trying to repeal the assault weapon ban.
- August 3, 1992:* The state Senate gives final legislative approval to A-7, that legalizes the sale of about 60 kinds of large-magazine, semi-automatic firearms. The bill continues the ban on AK47s and Uzis, but leaves open the door for manufactured look-alikes.
- Sept. 17, 1992:* Governor Florio vetoes A-7 and calls for a referendum on the issue. The Legislature has refused to place a referendum on the ballot.
- February 25, 1993:* With no public notice, the Republican-controlled Assembly, in a "sneak attack", votes to repeal the ban on assault weapons by overriding the Governor's veto.
- March 3, 1993:* President Bill Clinton endorses New Jersey's assault weapon law and says he doesn't "believe that everybody in America needs to be able to buy a semiautomatic or an automatic weapon, built only for the purpose of killing people, in order to protect the rights of Americans to hunt...and to be secure in their own homes and own a weapon to be secure."
- March 8, 1993:* Senate President Donald DiFrancesco announces he will post the override bill on March 15 and states that he will not support the override.
- March 11, 1993:* Jim Brady travels to Trenton and endorses the ban.
- March 15, 1993:* The Senate unanimously votes against the override, keeping the state's assault weapon ban intact.

** As of November, 1992, the NRA and its affiliate have spent \$412,000 on legislative campaigns and Republican Majority PACs.

NATIONAL
GOVERNORS'
ASSOCIATION

Roy Romer
Governor of Colorado
Chairman

Carroll A. Campbell Jr.
Governor of South Carolina
Vice Chairman

Raymond C. Scheppach
Executive Director

Hall of the States
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July 30, 1993

TO ALL GOVERNORS:

The enclosed policy positions, amendments, and resolutions, proposed by the Executive Committee and the three Standing Committees, are being transmitted for your review in accordance with the NGA Articles of Organization.

Policy positions and resolutions will be considered and voted upon on August 17 at the 1993 NGA Annual Meeting in Tulsa, Oklahoma, including any changes made by the Committees on August 15 and August 16.

Based on the recommendations of the NGA Strategic Review Task Force, these policies and amendments focus on current NGA priorities and are time limited to two years. The exception is the Executive Committee proposal on federalism, which would become a permanent NGA policy position.

Please note that each Committee's policy positions and resolutions are accompanied by a cover sheet providing background information and fiscal impact data where appropriate. Resolutions do not address new policy, but affirm existing policy or recognize certain persons, places, and events.

The individual Group Directors and I will be pleased to answer any questions you may have concerning the proposed policy positions and resolutions.

Sincerely,

Raymond C. Scheppach

Enclosures



Roy Romer
Governor of Colorado
Chairman

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ADOPTION OF POLICY STATEMENTS IN PLENARY SESSIONS

Article IX of the National Governors' Association Articles of Organization and the Rules of Procedure determine the procedures necessary to adopt policy statements. In accordance with these Rules, enclosed are the Committee policy statements, amendments, and resolutions proposed for the NGA Annual Meeting. Proposed policy statements are submitted by the Standing Committees and are transmitted to all Governors 15 days before the plenary session.

Based on the recommendations of the NGA Strategic Review Task Force, these policies and amendments focus on current NGA priorities and are time limited to two years. The exception is the Executive Committee proposal on federalism, which would become a permanent NGA policy position.

1. Germane Committee amendments and floor amendments by individual Governors to proposed Committee policies require a two-thirds vote. Final adoption of a Committee amended policy statement requires a two-thirds vote.
2. Individual Governors must submit proposed policy statements to the Executive Director at least 45 days in advance of the plenary session. These proposals are transmitted to the appropriate NGA Standing Committee for further action.

If an individual Governor's proposal is not adopted by the Standing Committee and therefore not included in the 15-day advance mailing to all Governors, it is subject to the suspension of the rules if the individual Governor or the Committee chooses to resubmit the proposal at the plenary session.

3. Any proposed new policy by a Committee or an individual Governor that is not included in the advance mailing requires a three-fourths vote to suspend the rules, a three-fourths vote for final passage, and a three-fourths vote for any amendment.
4. Resolutions do not address new policy, but may affirm existing policy and recognize certain persons, places and events. If a Committee decides to report a resolution to the full Association, it requires a two-thirds vote for adoption.
5. Notice procedures: Motions for the suspension of the Rules of Procedure shall be distributed to all Governors present by the end of the calendar day before such motion is put to a vote. The Chairman may request that copies of floor amendments also be available for distribution.
6. Non-debatable motions: Table -- majority vote; Previous Question -- two-thirds vote; Suspend the Rules -- three-fourths vote.
7. A motion to postpone is debatable on the entire policy only and requires a majority vote.
8. Voting may be by voice, show of hands, or roll call. A roll call vote shall be called by a show of hands of ten members.

LIST OF PROPOSED CHANGES IN POLICY

COMMITTEE ON ECONOMIC DEVELOPMENT AND COMMERCE

EDC-3.	Proposed Policy Position	Economic Growth and Development Incentives
EDC-4.	Proposed Policy Position	Strategic Plan for Workforce Development
EDC-5.	Proposed Policy Position	Transportation Conformity with the Clean Air Act
EDC-6.	Proposed Policy Position	Closing Military Bases
EDC-7.	Proposed Policy Position	Banking Regulation and the Credit Crunch
EDC-8.	Proposed Policy Position	The State Role in National Science and Technology Policy
--	Proposed Resolution	North American Free Trade Agreement
EDC-9.	Proposed Reaffirmation	Enterprise Zones
EDC-10.	Proposed Reaffirmation	Tourism

COMMITTEE ON HUMAN RESOURCES

HR-5.	Proposed Policy Position	A Conceptual Framework for National Welfare Reform
HR-6.	Proposed Policy Position	Strategic Plan for Workforce Development
HR-7.	Proposed Policy Position	Elementary and Secondary Education
HR-8.	Proposed Policy Position	Fair Labor Standards Act Overtime Pay
HR-9.	Proposed Policy Position	School-Linked Integrated Children and Youth Support Services
--	Proposed Resolution	The Impact of Immigration on State Corrections Costs
HR-10.	Proposed Reaffirmation	Community Service

COMMITTEE ON NATURAL RESOURCES

NR-1.	Proposed Amendments	A Comprehensive National Energy Policy
NR-5.	Proposed Policy Position	Superfund
NR-6.	Proposed Policy Position	Transportation Conformity with the Clean Air Act
NR-7.	Proposed Reaffirmation	Research, Technology, and Innovation

EXECUTIVE COMMITTEE

	Proposed Permanent Policy Position	Federalism
--	Proposed Resolution	National Health Care Reform

New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (—).

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1993 Annual Meeting

COMMITTEE ON ECONOMIC DEVELOPMENT AND COMMERCE

Governor Jim Edgar, Chairman
Governor Bruce Sundlun, Vice Chairman

Tim Masanz, Acting Group Director

Proposed Changes in Policy

EDC-3.	Economic Growth and Development Incentives	Page 5
EDC-4.	Strategic Plan for Workforce Development	Page 9
EDC-5.	Transportation Conformity with the Clean Air Act	Page 12
EDC-6.	Closing Military Bases	Page 15
EDC-7.	Banking Regulation and the Credit Crunch	Page 18
EDC-8.	The State Role in National Science and Technology Policy	Page 20
Resolution	North American Free Trade Agreement	Page 22
<u>Reaffirm Existing Policy</u>		
EDC-9.	Enterprise Zones	Page 23
EDC-10.	Tourism	Page 24

New language is typed double-spaced and in ALL CAPS.

The Committee on Economic Development and Commerce recommends the consideration of six new policy positions, one resolution, and the reaffirmation of two existing policy positions. Pursuant to the recommendations of the Strategic Review Task Force, these proposals are time limited to two years. Background information and fiscal impact data follow.

1. Economic Growth and Development Incentives (New Policy Position, EDC-3.)

At the 1993 NGA winter meeting, an initial roundtable discussion on business incentives was held between Governors and chief executive officers (CEOs). There was general agreement that steps should be taken to develop a set of principles to guide all parties with regard to business incentives. This policy focuses on what states and the business community should be doing to promote economic growth and global competitiveness.

The proposed principles call for an ongoing dialogue between state government and business; interstate competition based on business climate rather than on direct assistance; and subsidies that foster real development, that are based on state development goals and are available to all businesses, that are investments in people, that include removal of regulatory barriers, that are joint government-business ventures, that include provisions to recoup subsidies when businesses fail to meet their obligations, and that encourage development in distressed areas or that bring the economic underclass into the economic mainstream. The principles also call for states to exchange information when they believe that a company is engaged in counterproductive interstate competition, for business leaders to voice disapproval when corporations engage in counterproductive interstate competition, and for Governors to be prepared to withstand the political pressure of deciding not to engage in a bidding war for a high-visibility, high-impact project.

2. Strategic Plan for Workforce Development (New Policy Position, EDC-4.)

The new policy position elaborates on the Governors' Principles for Workforce Excellence that were adopted at the 1993 Winter Meeting. It was developed jointly with the Committee on Human Resources. The policy includes:

- commitment to a public-private partnership to develop a comprehensive, flexible, and high-quality workforce development system;
- integration of federal workforce development resources and increased state flexibility to streamline and customize federal programs;
- creation of a system for the development and maintenance of national voluntary industry-led skill standards;
- expanded federal resources for demonstrably successful youth employment programs, such as Job Corps and career academies; and
- consolidation of dislocated worker programs, with increased state flexibility in the use of discretionary federal funds.

3. Transportation Conformity with the Clean Air Act (New Policy Position, EDC-5.)

This policy, which is jointly recommended by the Committee on Natural Resources and the Committee on Economic Development and Commerce, conveys recommendations to the Environmental Protection Agency (EPA) concerning rules for requiring that transportation projects conform to state clean air plans. Both the Clean Air Act and the Intermodal Surface Transportation Efficiency Act require that certain transportation projects be consistent with the state implementation plan for clean air. The policy includes the recommendations of the Governors that EPA not require conformity determinations for: transportation projects other than in nonattainment and maintenance areas (i.e., in areas that fail to meet federal clean air standards or that formerly failed to meet such standards and must now plan to maintain clean air standards); for nonfederally funded projects; and for projects formerly approved but not yet completed. The policy also specifies that transportation plans must bear some share of emission reductions required by states before EPA approval of the state clean air plan.

An amendment may be developed by both committees regarding credit for reductions in air pollution resulting from changes in fuel and vehicle technologies.

The policy is not expected to carry a direct fiscal impact for state governments but questions of conformity may well determine the viability of specific transportation projects on the state's transportation improvement plan. However, since reducing the air pollution inventory is a "zero sum game," failure to fully control automotive pollutants will shift a greater burden onto stationary sources such as business and industry.

4. Closing Military Bases (New Policy Position, EDC-6.)

This policy expresses Governors' concern over the impact of military base closures on state economies and local communities. It calls for timely and adequate assistance to states and communities for developing and implementing strategic plans, and calls on the federal government to consider ways to stimulate job creation in affected communities, including tax incentives and loans. It urges improvement in federal procedures for property disposal aimed at promoting timely commercial reuse, such as the ability to sell or lease one parcel at a time, and consideration of economic development proposals as public benefit transfers. It calls for changes in property appraisal procedures, including some centralization within the Department of Defense (DoD) to address these issues, and other procedural reforms, including a sole point of contact within the Office of the Secretary of Defense.

Regarding environmental cleanup, the policy supports recent administration proposals but calls for more information to be made available to communities. It suggests that cleanup can be done by local businesses to boost local economies, urges changes aimed at permitting contractors to use innovative technologies, and asks for sufficient funding on a timely basis to address environmental problems, including those bases recently targeted for closure. Finally, the policy asks for improved intergovernmental cooperation and coordination.

This proposed policy will require increased funding for implementing strategic plans in communities and for meeting environmental cleanup costs. Some portion of these costs are expected to be covered by Superfund. If funds are not spent to promote commercial reuse of these properties, other federal costs are likely to increase, including unemployment, welfare, job training, and food stamps.

5. Banking Regulation and the Credit Crunch (New Policy Position, EDC-7.)

This policy addresses the unintended impact of many changes to federal laws and regulations regarding financial institutions. It states the concern of Governors that overly restrictive federal banking regulations may have slowed economic growth, and that the safety and soundness of the banking system would not be harmed by eliminating unneeded regulations.

The policy commends recent administration efforts to streamline requirements for banks, and calls on state bank regulators to suggest additional relief measures to the administration. Finally, the policy calls on Congress and the administration to review the impact of duplicative approaches to safety and soundness on the cost of doing business for banks and on credit availability.

6. The State Role in National Science and Technology Policy (New Policy Position, EDC-8.)

This policy supports a strong intergovernmental approach to national science and technology policy. The principles it proposes promote federal investment in basic research; argue for the unique role of state programs in forming partnerships among industry, academia, and government; discourage duplication and encourage partnerships; and seek the development of more formal federal-state coordination, urging the federal government to use the Science and Technology Council of the States as a source of advice.

7. North American Free Trade Agreement (Resolution, based upon Policy EDC-1.)

Existing NGA policy supports timely and effective implementation of the North American Free Trade Agreement (NAFTA) and calls for addressing concerns related to corresponding environmental and labor issues. This resolution reaffirms the Governors' policy, highlighting the need for clarifying the state role in implementation.

NAFTA was signed by President Bush last December and is scheduled to go into effect January 1, 1994, pending approval by the legislative branches of the three countries involved. Meanwhile, the United States is finishing up negotiations with Mexico and Canada on separate agreements on enforcement of environment and labor laws. These side agreements would be included in a package with legislation implementing the NAFTA agreement. The entire package would be submitted to Congress after the August recess, with a vote scheduled for late fall. The Office of the U.S. Trade Representative has announced that it will proceed with this timetable despite a recent U.S. district court ruling that NAFTA should be accompanied by an environmental impact statement. A hearing on the appeal of the ruling is scheduled for August 24.

States are working with negotiators on the side agreements. A small working group of state staff has submitted comments informally to environmental negotiators, calling for a stronger role for states in dispute settlement and other trilateral environmental enforcement efforts. A similar effort to advise on the labor negotiations is underway. Meanwhile, individual Governors are expressing their support for NAFTA. A Heritage Foundation survey indicated that forty of the fifty Governors support NAFTA.

8. Reaffirm Existing Policy

The committee proposes the reaffirmation of the policy position "Enterprise Zones" (formerly E-5) to continue existing policy language supporting a federal demonstration enterprise zone program that complements state programs. In addition, the committee proposes the reaffirmation of the policy position "Tourism" (formerly H-9) to continue existing policy language on tourism issues, such as federal program authorizations, tourism infrastructure, travel data, international tourism promotion, bilateral aviation agreements, and visa waivers.

EDC-3. ECONOMIC GROWTH AND DEVELOPMENT INCENTIVES

3.1 PREAMBLE

THE ACCELERATED USE OF DIRECT DEVELOPMENT INCENTIVES BY STATES TO ATTRACT ECONOMIC INVESTMENT IS SYMPTOMATIC OF THE CONTINUING SLOW RATE OF GROWTH OF THE NATION'S ECONOMY. STATE GOVERNMENT FINDS ITSELF PRESSURED TO TAKE WHATEVER STEPS ARE NECESSARY TO SUPPORT JOB CREATION THAT OTHERWISE MIGHT OCCUR UNAIDED UNDER MORE HEALTHY ECONOMIC CONDITIONS.

THE CURRENT ECONOMIC CLIMATE ALSO AFFECTS THE WAY THE BUSINESS COMMUNITY BEHAVES WHEN MAKING INVESTMENT DECISIONS. TO MINIMIZE NEW INVESTMENT IN PLANT AND EQUIPMENT, BUSINESSES READILY TAKE ADVANTAGE OF AVAILABLE SUBSIDIES IN THE FORM OF DEVELOPMENT INCENTIVES.

BOTH THE PUBLIC AND PRIVATE SECTORS ARE RESPONDING TO LEGITIMATE OBJECTIVES. THE ISSUE IS WHETHER CURRENT PRACTICES BY STATES THAT UTILIZE DEVELOPMENT INCENTIVES AND BY BUSINESSES THAT TAKE ADVANTAGE OF THESE INCENTIVES PROVIDE A RATIONAL, LONG-TERM STRATEGY FOR EITHER PARTY.

THE GOVERNORS BELIEVE THAT THE PUBLIC AND PRIVATE SECTORS SHOULD UNDERTAKE COOPERATIVE EFFORTS THAT RESULT IN IMPROVEMENTS TO THE GENERAL ECONOMIC CLIMATE RATHER THAN FOCUS ON SUBSIDIES FOR INDIVIDUAL PROJECTS OR COMPANIES. WE ACKNOWLEDGE THAT THIS WILL NOT BE EASY. IT WILL REQUIRE A BEHAVIORAL CHANGE BY BOTH GOVERNMENT AND BUSINESS, SOMETIMES GOING AGAINST SHORT-TERM SELF-INTEREST TO SUPPORT THE LONG-TERM COMMON GOOD.

FINALLY, WE DO NOT BELIEVE THIS CHANGE SHOULD RESULT FROM THE THREAT OF PUNITIVE MEASURES OR FEDERAL INTERVENTION. GOVERNORS AND BUSINESS LEADERS SHOULD OPERATE IN ACCORDANCE WITH THE FOLLOWING PRINCIPLES BECAUSE THEY REPRESENT GOOD PUBLIC POLICY; IN THE LONG RUN, ADHERENCE TO THESE PRINCIPLES WILL ACHIEVE THE DESIRED OUTCOMES IN TERMS OF NEW JOBS AND HIGHER INCOME IN ALL STATES AND SUSTAINED PROFITABILITY FOR BUSINESSES THAT INVEST AND OPERATE IN THESE JURISDICTIONS.

3.2 PRINCIPLES OF MUTUAL COOPERATION

THE GOVERNORS OFFER THE FOLLOWING PRINCIPLES FOR COOPERATION BETWEEN STATE GOVERNMENT AND THE BUSINESS COMMUNITY. THESE PRINCIPLES SUPPORT OUR MUTUAL DEVELOPMENT OBJECTIVES THROUGH THE CREATION OF A BUSINESS CLIMATE IN ALL STATES THAT WILL RESULT IN ECONOMIC GROWTH AND THE ABILITY TO COMPETE IN INTERNATIONAL MARKETS.

3.2.1 PARTNERSHIP BETWEEN STATE GOVERNMENT AND BUSINESS. THE RELATIONSHIP BETWEEN STATE GOVERNMENT AND BUSINESS SHOULD BE A TRUE PARTNERSHIP. BOTH STATE GOVERNMENT AND BUSINESS HAVE CERTAIN RESPONSIBILITIES AND ANTICIPATED BENEFITS. STATES AND THE BUSINESS COMMUNITY WITHIN STATES SHOULD MAINTAIN AN ONGOING DIALOGUE FOR THE PURPOSE OF DEVELOPING SOUND PUBLIC POLICY AND PROGRAMS. STATES SHOULD IMPLEMENT POLICY PROCESSES THAT ARE NONTHREATENING TO THE BUSINESS COMMUNITY AND THE PUBLIC.

3.2.2 STATE COMPETITION. STATES WILL ALWAYS BE IN COMPETITION WITH ONE ANOTHER FOR BUSINESS INVESTMENTS. HOWEVER, THIS COMPETITION SHOULD NOT BE CHARACTERIZED BY HOW MUCH DIRECT ASSISTANCE A STATE CAN PROVIDE TO INDIVIDUAL COMPANIES. IT SHOULD FOCUS ON HOW EACH STATE ATTEMPTS TO PROVIDE A BUSINESS CLIMATE IN WHICH EXISTING BUSINESSES CAN OPERATE PROFITABLY AND EXPAND AND NEW BUSINESSES CAN BE ESTABLISHED AND SURVIVE. THE COMPETITION SHOULD BE JUDGED ON FACTORS SUCH AS THE STATE'S QUALITY OF EDUCATION, THE AVAILABILITY OF AN ADEQUATE TRANSPORTATION AND TELECOMMUNICATIONS NETWORK, STABLE FISCAL CONDITIONS, TAX POLICIES, BUSINESS REGULATION, AND THE PROVISION OF QUALITY PUBLIC SERVICES.

3.2.3 SUBSIDIES. STATES WILL CONTINUE TO PROVIDE SUBSIDIES TO BUSINESSES. HOWEVER, THEY SHOULD ADHERE TO THE FOLLOWING CRITERIA.

- PUBLIC RESOURCES SHOULD BE USED TO ENCOURAGE AND FOSTER DEVELOPMENT THAT OTHERWISE WOULD NOT OCCUR, NOT MERELY TO INFLUENCE THE LOCATION OF PRIVATE INVESTMENT.
- PUBLIC SUBSIDIES SHOULD BENEFIT AND BE AVAILABLE TO ALL BUSINESSES -- LARGE AND SMALL, NEW AND EXISTING, OF DOMESTIC OR FOREIGN OWNERSHIP -- BASED ON INDIVIDUAL STATE DEVELOPMENT

OBJECTIVES, IDENTIFIED CRITERIA, AND A CALCULATED RATE OF RETURN.

- PUBLIC SUBSIDIES SHOULD BE IN THE FORM OF INVESTMENTS IN PEOPLE, RESULTING IN A BETTER EDUCATED AND SKILLED WORKFORCE, AND IN COMMUNITIES, BY DEVELOPING THE PHYSICAL AND SOCIAL INFRASTRUCTURES THAT ARE PREREQUISITES OF HEALTHY ECONOMIC DEVELOPMENT. ALTHOUGH SUCH INVESTMENTS MAY BE TIED TO THE LOCATION OR EXPANSION OF AN INDIVIDUAL COMPANY, THE IMPROVEMENTS IN THE WORKFORCE AND COMMUNITY SHOULD NOT BE WHOLLY DEPENDENT ON THE FORTUNES OF ONE BUSINESS AND SHOULD BE VIEWED AS ASSETS FOR OTHER BUSINESSES THAT LOCATE IN THE COMMUNITY.
- STATES AND THE BUSINESS COMMUNITY NEED TO IDENTIFY AND ADDRESS SPECIFIC TAX AND REGULATORY BARRIERS THAT SLOW THE RATE OF NEW INVESTMENT IN ECONOMIC ACTIVITY. WHEN APPROPRIATE, THE PARTIES SHOULD JOINTLY PETITION THE FEDERAL GOVERNMENT FOR REGULATORY RELIEF.
- TO THE EXTENT POSSIBLE, PROGRAMS (E.G., WORKFORCE TRAINING AND RESEARCH AND TECHNOLOGY TRANSFER) THAT SUPPORT MUTUAL DEVELOPMENT OBJECTIVES SHOULD BE JOINT VENTURES BETWEEN GOVERNMENT AND BUSINESS.
- THE BUSINESS COMMUNITY HAS AN OBLIGATION TO DELIVER THE PROMISED BENEFITS (E.G., INVESTMENT, JOBS, AND PAYROLL) IN RETURN FOR STATE DEVELOPMENT SUBSIDIES. THE STATE OWES IT TO ITS CITIZENS TO ENSURE THAT ALL DEVELOPMENT AGREEMENTS INCLUDE PROVISIONS FOR RECOUPING SUBSIDIES WHEN BUSINESSES FAIL TO MEET THIS OBLIGATION.
- WHEN TWO OR MORE STATES BELIEVE THAT A COMPANY IS ENGAGED IN COUNTERPRODUCTIVE INTERSTATE COMPETITION IN ORDER TO INCREASE THE VALUE OF A SUBSIDY PACKAGE, STATES SHOULD EXCHANGE INFORMATION RELATED TO THE TYPES OF ASSISTANCE BEING OFFERED. IN CASES WHERE A COMPANY INFORMS ONE STATE OF THE SPECIFICS OF ANOTHER STATE'S INCENTIVE PACKAGE, STATE OFFICIALS

SHOULD HAVE THE RIGHT TO VERIFY THE ACCURACY OF THIS INFORMATION.

- USING SUBSIDIES TO ENCOURAGE INVESTMENT IN DISTRESSED AREAS OF THE STATE OR TO INCREASE EMPLOYMENT OPPORTUNITIES THAT BRING THE UNDERCLASS INTO THE ECONOMIC MAINSTREAM ARE VIEWED AS LEGITIMATE DEVELOPMENT OBJECTIVES.

GOVERNORS AND REPRESENTATIVES OF THE BUSINESS COMMUNITY MUST SUPPORT EACH OTHER'S EFFORTS TO ADHERE TO THESE PRINCIPLES. STATE GOVERNMENTS, BUSINESSES, AND CITIZENS NEED TO UNDERSTAND THE RELATIONSHIP AMONG TAX BASES, TAX RATES, AND QUALITY PUBLIC SERVICES. BOTH GOVERNMENT AND BUSINESS SHOULD ENGAGE IN A CONTINUING PROCESS TO EDUCATE EACH OTHER AND THE PUBLIC ON THIS ISSUE. BUSINESS LEADERS SHOULD BE PREPARED TO STAND BY STATE OFFICIALS WHEN IT IS CLEAR THAT ONE COMPANY IS SEEKING UNREASONABLE INCENTIVES AT THE EXPENSE OF OTHER BUSINESSES OR THE STATE IN GENERAL. BUSINESS LEADERS ALSO MUST BE PREPARED TO PUBLICLY VOICE THEIR DISAPPROVAL WHEN CORPORATIONS ENGAGE IN COUNTERPRODUCTIVE INTERSTATE COMPETITION. CONVERSELY, GOVERNORS MUST BE PREPARED TO WITHSTAND THE POLITICAL PRESSURE THAT MAY RESULT WHEN THEY ANNOUNCE THAT THEIR STATE WILL NOT ENGAGE IN A BIDDING WAR FOR A HIGH-VISIBILITY, HIGH-IMPACT PROJECT.

Time limited (effective August 1993-August 1995).

EDC-4. STRATEGIC PLAN FOR WORKFORCE DEVELOPMENT

4.1 PREAMBLE

THE GOVERNORS' "PRINCIPLES TO ENSURE WORKFORCE EXCELLENCE" ESTABLISH A VISION OF A NEW STATE-FEDERAL PARTNERSHIP DESIGNED TO CREATE A COMPREHENSIVE, FLEXIBLE, AND HIGH-QUALITY WORKFORCE DEVELOPMENT SYSTEM. WE BELIEVE THAT THIS VISION MUST BE IMPLEMENTED IN A MANNER THAT RECOGNIZES AN EVOLVING AND INCREASINGLY COMPETITIVE WORLD ECONOMY WHILE BEING HIGHLY RESPONSIVE TO LOCAL SOCIAL AND ECONOMIC CONDITIONS. THIS VISION SHOULD INCLUDE A SEAMLESS SYSTEM OF LIFELONG LEARNING BEGINNING IN THE ELEMENTARY AND SECONDARY SCHOOL GRADES AND CONTINUING THROUGH ADULTHOOD. IT IS PARTICULARLY IMPORTANT THAT THE PRIVATE SECTOR BE FULL PARTNERS IN IMPLEMENTING PUBLIC AND PRIVATE STRATEGIES TO ACHIEVE COMPETITIVE WORKPLACES AND WORKERS.

4.2 RECOMMENDATIONS

THERE ARE MANY ACTIONS THAT CAN BE TAKEN TO ACCOMPLISH THIS VISION. THE FOLLOWING RECOMMENDATIONS PRIMARILY HIGHLIGHT THE ROLE OF THE FEDERAL GOVERNMENT.

4.2.1 SYSTEMIC REFORM. THE FEDERAL GOVERNMENT SHOULD:

- INTEGRATE EXISTING FEDERAL RESOURCES (PLANNING PROCESSES, DEFINITIONS, AND REPORTING REQUIREMENTS) AND AFFORD STATES GREATER FLEXIBILITY AND AUTHORITY (WAIVERS OR GRANT CONSOLIDATION) TO STREAMLINE WORKFORCE DEVELOPMENT PROGRAMS AND CUSTOMIZE THOSE PROGRAMS TO BE LOCALLY RESPONSIVE;
- MAINTAIN THE COMMITMENT TO DISADVANTAGED WORKERS WHILE FOCUSING SUPPORT AND RESOURCES TOWARD THE DEVELOPMENT OF A COMPREHENSIVE WORKFORCE DEVELOPMENT SYSTEM;
- LAUNCH AN INITIATIVE WITH MEMBERS FROM THE PUBLIC AND PRIVATE SECTORS TO DEVELOP A NATIONAL STRATEGY THAT PROMOTES HIGH-QUALITY, WELL-INTEGRATED WORKFORCE AND ECONOMIC DEVELOPMENT SYSTEMS AT THE STATE AND LOCAL LEVELS;

- INCREASE THE ABILITY OF FEDERAL WORKFORCE DEVELOPMENT RESOURCES TO BE ACCOUNTABLY COORDINATED WITH STATES' ECONOMIC DEVELOPMENT STRATEGIES;
- PROVIDE CAPACITY-BUILDING GRANTS TO STATES AND HELP THEM EVALUATE APPROACHES, SHARE INFORMATION, AND DEVELOP SOURCES OF PRACTICAL LABOR MARKET INFORMATION; AND
- PROMOTE HIGH-PERFORMANCE WORKPLACES AND SEEK WAYS TO INCREASE PRIVATE SECTOR INVESTMENT IN WORKFORCE DEVELOPMENT.

4.2.2 SKILL STANDARDS. THE FEDERAL GOVERNMENT SHOULD:

- CREATE AND SUPPORT A NATIONAL SKILL STANDARDS BOARD, LED BY THE PRIVATE SECTOR, TO DEVELOP AND IMPLEMENT A COMPREHENSIVE NATIONAL VOLUNTARY SYSTEM OF CONTINUOUSLY UPDATED SKILL STANDARDS AND CREDENTIALS; AND
- ENSURE THAT THIS SYSTEM IS FOCUSED ON THE SKILLS NEEDED TO BE COMPETITIVE IN THE CURRENT AND FUTURE WORLD ECONOMY AND THAT IT PROVIDES ENTRY AND ADVANCED LEVELS OF CERTIFICATION AND PORTABLE CREDENTIALS.

4.2.3 PREPARATION OF YOUTH FOR WORK. STATE WORKFORCE DEVELOPMENT PROGRAMS SHOULD:

- ENABLE ALL YOUNG PEOPLE, IN AND OUT OF SCHOOL, TO HAVE AN OPPORTUNITY TO OBTAIN THE KNOWLEDGE, SKILLS, AND EXPERIENCE NEEDED TO ENTER AND SUCCEED IN THE WORKPLACE. THESE OPPORTUNITIES MAY INCLUDE APPLIED LEARNING, WORK-BASED LEARNING, CAREER COUNSELING, AND ASSESSMENT SERVICES; AND
- ACTIVELY INVOLVE THE PRIVATE SECTOR AND THE COMMUNITY IN PROGRAM DESIGN AND IMPLEMENTATION, AWARD BROADLY RECOGNIZED CERTIFICATES BASED ON STATE AND NATIONAL EDUCATION AND INDUSTRY-BASED SKILL STANDARDS, AND HELP GRADUATES OBTAIN EMPLOYMENT IN THE FIELD FOR WHICH THEY ARE TRAINED OR OBTAIN FURTHER EDUCATION OR TRAINING.

THE FEDERAL GOVERNMENT SHOULD:

- PROVIDE FLEXIBILITY AND INCENTIVES WITHIN FEDERAL PROGRAMS AND PROVIDE ASSISTANCE TO STATES FOR CAPACITY BUILDING;
- EXPAND AND PROMOTE RESOURCES FOR TECHNICAL PREPARATION (TECH PREP), CAREER ACADEMIES, JOB CORPS, AND OTHER DEMONSTRABLY SUCCESSFUL PROGRAMS; AND
- ASSIST STATES IN EVALUATING THE EFFECTIVENESS OF VARIOUS APPROACHES AND SUPPORT TECHNICAL ASSISTANCE TO ENSURE MORE WIDESPREAD ADOPTION OF EFFECTIVE PROGRAMS.

4.2.4 WORKER TRAINING AND RETRAINING. THE FEDERAL GOVERNMENT SHOULD:

- CONSOLIDATE AND INCREASE THE ADMINISTRATIVE FLEXIBILITY OF DISLOCATED WORKER SERVICES PROGRAMS, DIRECT THE BULK OF PROGRAM FUNDS TO THE STATES BY FORMULA, AND PROMOTE EARLY INTERVENTION, SUBSTATE SERVICE DELIVERY, AND INVOLVEMENT OF LABOR AND MANAGEMENT;
- ALLOW DISCRETIONARY FEDERAL FUNDS TO BE FLEXIBLY APPLIED SO THEY CAN SUPPORT A WIDE RANGE OF SERVICES FOR A WIDE RANGE OF DISLOCATION EVENTS, AND PERMIT EXPEDITED DISPERSAL OF FUNDS;
- IMPROVE WORKER DISLOCATION AND LAYOFF DATA TO USE IN DISTRIBUTING FUNDS TO STATES;
- AMEND CURRENT LAW SO DISLOCATED WORKERS ARE ELIGIBLE FOR SKILL ENHANCEMENT IN CURRENT OCCUPATIONS;
- GRANT STATES THE AUTHORITY TO SERVE ALL WORKERS AFFECTED BY LAYOFFS THAT HAVE A SEVERE LOCAL ECONOMIC IMPACT;
- ASSIST STATES IN REORIENTING MANAGEMENT INFORMATION AND REPORTING SYSTEMS TO ENSURE A QUALITY RESPONSE TO EACH LAYOFF;
- RETAIN STATE DISCRETION OVER THE DURATION AND AMOUNT OF RETRAINING ASSISTANCE PROVIDED TO INDIVIDUAL PARTICIPANTS; AND
- MINIMIZE FLUCTUATION IN STATE ALLOTMENTS AND ENSURE THAT ALL STATES RECEIVE SUFFICIENT FUNDING TO ADEQUATELY ADMINISTER PROGRAMS.

Time limited (effective August 1993-August 1995).

EDC-5. TRANSPORTATION CONFORMITY WITH THE CLEAN AIR ACT

5.1 PREAMBLE

WITH THE ENACTMENT OF THE CLEAN AIR ACT AMENDMENTS OF 1990 AND THE INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF 1991 (ISTEA), CONGRESS TOOK STEPS TO ADVANCE TWO ESSENTIAL NATIONAL GOALS: ACHIEVING AIR QUALITY STANDARDS AND PROVIDING FOR THE TRANSPORTATION NEEDS OF THE AMERICAN PEOPLE.

THE GOVERNORS STRONGLY SUPPORT THE ATTAINMENT OF BOTH OF THESE GOALS AND BELIEVE THAT NEITHER SHOULD BE SACRIFICED IN PURSUIT OF THE OTHER. TO MEET AIR QUALITY STANDARDS AND PROVIDE A SAFE AND EFFICIENT TRANSPORTATION SYSTEM, STATE GOVERNMENTS MUST DEVISE WORKABLE AND ACCEPTABLE PROGRAMS THAT WILL MEET THE PARTICULAR NEEDS OF THE NATION'S MANY DIVERSE REGIONS.

5.2 CONFORMITY RULES

THE AMENDMENTS PROVIDE A SPECIFIC AND DETAILED SET OF REQUIREMENTS. THE ENVIRONMENTAL PROTECTION AGENCY (EPA), WITH THE CONCURRENCE OF THE U.S. DEPARTMENT OF TRANSPORTATION, MUST ESTABLISH RULES FOR ENSURING THE CONFORMITY OF FEDERALLY FUNDED TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS WITH THE REQUIREMENTS OF THE CLEAN AIR ACT.

THE GOVERNORS BELIEVE THAT THE CONFORMITY RULES MUST RESPECT THE ROLE OF THE GOVERNOR AS THE CHIEF ADMINISTRATIVE OFFICER OF THE STATE. MOREOVER, STATES SHOULD BE AFFORDED THE FLEXIBILITY TO MAKE THE LAW WORK EFFECTIVELY IN SPECIFIC SITUATIONS.

5.3 IMPACT OF IMPLEMENTATION

FEDERAL CONFORMITY REGULATIONS COULD ENTIRELY HALT TRANSPORTATION PROGRAMS AND RELATED ECONOMIC DEVELOPMENT IN SOME AREAS. FAILURE TO PROPERLY MANAGE TRANSPORTATION-RELATED AIR POLLUTANTS WILL RESULT IN THE TRANSFER OF SIGNIFICANT CONTROL COSTS FROM TRANSPORTATION PROGRAMS TO OTHER SECTORS.

EFFECTIVE IMPLEMENTATION OF THE CLEAN AIR ACT WILL REQUIRE TAKING INTO ACCOUNT EMISSIONS FROM SOURCES OF ALL TYPES. MEASURES

NECESSARY TO REDUCE EMISSIONS MAY IMPACT BUSINESS, INDUSTRY, AND INDIVIDUAL BEHAVIOR, AS WELL AS TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS. CONSEQUENTLY, IT IS CRITICAL THAT DECISIONS REGARDING TRANSPORTATION AND AIR QUALITY BE MADE BY THE GOVERNMENT LEADERS CLOSEST TO THE PROBLEM AND MOST DIRECTLY ACCOUNTABLE TO THOSE AFFECTED.

THEREFORE, THE GOVERNORS AFFIRM THEIR RESPONSIBILITY UNDER THE CLEAN AIR ACT TO SEE THAT TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS DO NOT CAUSE VIOLATION OF CLEAN AIR STANDARDS IN ANY AREA, WORSEN EXISTING VIOLATIONS, OR DELAY TIMELY ATTAINMENT OF CLEAN AIR OBJECTIVES.

IN PARTICULAR, THE POSITION OF THE GOVERNORS IS AS FOLLOWS.

- DECISIONS ON THE APPLICATION OF CONFORMITY SHOULD BE MADE BY EACH GOVERNOR, TAKING INTO ACCOUNT THE GEOGRAPHIC SCOPE OF THE CONFORMITY REQUIREMENT BEYOND NONATTAINMENT AND MAINTENANCE AREAS; THE APPLICATION OF CONFORMITY TO NONFEDERAL PROJECTS; AND THE APPLICATION OF CONFORMITY TO ACTIVE PROJECTS THAT ALREADY HAVE UNDERGONE ANALYSIS UNDER EPA'S INTERIM GUIDANCE AND FOR WHICH COMMITMENTS FOR PROJECT COMPLETION HAVE BEEN MADE.
- IF TRANSPORTATION CONTROL MEASURES INCLUDED IN THE STATE IMPLEMENTATION PLAN (SIP) ARE DELAYED OR FAIL TO PRODUCE THE ANTICIPATED EMISSION REDUCTIONS, THE SIP MAY BE REVISED AND/OR CONTINGENCY MEASURES MAY BE IMPLEMENTED IN A TIMELY MANNER, AS AN ALTERNATIVE TO DELAYING OTHER TRANSPORTATION PROJECTS.
- PRIOR TO THE ADOPTION OF A SIP ATTAINMENT STRATEGY, TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS FOR NONATTAINMENT AREAS SHOULD BE REQUIRED TO DEMONSTRATE A CONTRIBUTION TO REDUCING EMISSIONS BY 15 PERCENT BY 1996. THIS SHOULD BE DEMONSTRATED BY SHOWING THAT THE PLAN AND THE TRANSPORTATION IMPROVEMENT PROGRAM (TIP) WILL PRODUCE LOWER EMISSIONS IN FUTURE YEARS THAN THE 1990 BASE, INCLUDING EMISSIONS ATTRIBUTED TO GROWTH.

THE GOVERNORS ALSO RECOGNIZE THAT SPECIAL CONSIDERATION NEEDS
TO BE GIVEN TO OZONE TRANSPORT REGIONS AND TO QUESTIONS OF
INTERSTATE EQUITY.

Time limited (effective August 1993-August 1995).

EDC-6. CLOSING MILITARY BASES

6.1 PREAMBLE

AS THE FEDERAL GOVERNMENT CONTINUES TO DOWNSIZE AND RESTRUCTURE THE NATION'S MILITARY FORCES, THE GOVERNORS ARE CONCERNED ABOUT THE IMPACT ON STATE ECONOMIES AND AFFECTED COMMUNITIES. ALTHOUGH ENCOURAGED BY THE ADMINISTRATION'S RECENTLY ANNOUNCED INITIATIVE TO PARTIALLY MITIGATE THE IMPACT OF BASE CLOSURES, THE GOVERNORS SEE THE NEED TO FURTHER ADDRESS THE FOLLOWING ISSUES IN ORDER TO EXPEDITE THE TRANSFER OF MILITARY PROPERTY TO COMMUNITIES AND MAXIMIZE ITS ECONOMIC VALUE.

6.2 STRATEGIC PLANNING AND IMPLEMENTATION

THE IMPACT OF CLOSING A BASE VARIES WITH THE SIZE OF THE COMMUNITY AND THE MAKEUP OF THE LOCAL ECONOMY. THE OFFICE OF ECONOMIC ADJUSTMENT MUST PROVIDE TIMELY AND ADEQUATE ASSISTANCE FOR STRATEGIC PLANNING FOR BASE CLOSURES, AND SHOULD PROVIDE AWARDS TO STATES WHERE THEY ARE PARTNERS IN EASING LOCAL IMPACTS. FUNDS ALSO WILL BE NEEDED TO IMPLEMENT THE STRATEGIC PLANS. IN ADDITION TO DIRECT ASSISTANCE, THE FEDERAL GOVERNMENT SHOULD CONSIDER WAYS TO STIMULATE JOB CREATION IN AFFECTED COMMUNITIES, INCLUDING TAX INCENTIVES SUCH AS JOB-RELATED TAX CREDITS OR OTHER ECONOMIC DEVELOPMENT ASSISTANCE SUCH AS LOANS OR THE STREAMLINED USE OF TAX-EXEMPT FINANCING.

6.3 PROPERTY DISPOSAL

LEGISLATION MUST BE ENACTED TO IMPROVE EXISTING PROCEDURES FOR PROPERTY DISPOSAL. PRIMARILY, THE PROCESS MUST BE REFORMED TO PLACE AN EMPHASIS ON TIMELY COMMERCIAL REUSE RATHER THAN ON MAXIMIZING THE RETURN TO THE MILITARY SERVICES. THE GOVERNORS BELIEVE THAT ECONOMIC DEVELOPMENT PROPOSALS MEET THE TEST OF A PUBLIC BENEFIT TRANSFER -- AS DEFINED BY THE PROPERTY DISPOSAL ACT -- PERMITTING THAT JOB CREATION BE GIVEN PRIORITY.

TO MINIMIZE THE TIME BETWEEN CLOSURE AND REDEVELOPMENT, THE FEDERAL GOVERNMENT MUST ENCOURAGE PARCELIZATION OF PROPERTIES WHERE APPROPRIATE, AS WELL AS MINIMIZE DELAYS RESULTING FROM

MCKINNEY ACT REVIEWS BY CONDUCTING THOSE REVIEWS CONCURRENTLY WITH THE DEPARTMENT OF DEFENSE'S (DOD) SURPLUS PROPERTY REVIEW. TO MAXIMIZE THE RESOURCES OF LOCAL AND STATE GOVERNMENTS, PUBLIC AGENCIES SHOULD BE PERMITTED TO PURCHASE MILITARY BASE ASSETS OVER A PERIOD OF TIME, RATHER THAN HAVING TO MAKE IMMEDIATE AND FULL PAYMENT. TO FACILITATE EXPEDIENCE AND EFFICIENCY, THE DESIGNATION OF A SOLE POINT OF CONTACT FOR FINAL AND CONSISTENT ARBITRATION WITHIN THE OFFICE OF THE SECRETARY OF DEFENSE IS ESSENTIAL.

6.4 PROPERTY AND LAND APPRAISALS

MANY COMMUNITIES HAVE EXPERIENCED SIGNIFICANT DELAYS BECAUSE OF THE PROCEDURES FOLLOWED TO COMPLETE THE APPRAISAL PROCESS. IN A NUMBER OF INSTANCES, THE MILITARY HAS CLUNG TO INFLATED APPRAISALS AND INSISTED ON COMPENSATION FOR "FULL MARKET VALUE." ADDITIONALLY, THE VALUES ASSIGNED TO BUILDINGS THAT FREQUENTLY FAIL TO MEET FIRE AND SAFETY CODES -- NOT TO MENTION AMERICANS WITH DISABILITIES ACT (ADA) REQUIREMENTS -- ARE UNREALISTICALLY HIGH. PROVISIONS SHOULD BE MADE FOR THE MILITARY TO CLEAR THE LAND IN CIRCUMSTANCES WHERE THE COST OF RETROFITTING EXCEEDS THE COST OF NEW CONSTRUCTION. AGAIN, A CENTRAL OFFICE MUST BE SET UP WITHIN DOD TO SET POLICY AND DEAL CONSISTENTLY WITH THESE PROBLEMS.

6.5 ENVIRONMENTAL CLEANUP

SUCCESSFUL REUSE OF PROPERTY DEPENDS GREATLY ON THE PROGRESS OF REMEDIATION EFFORTS. ALL TOO OFTEN THE ABSENCE OF ESTABLISHED POLICIES AND INCONSISTENT FUNDING HAVE ALLOWED CLEANUP ISSUES TO BECOME OUTRIGHT BARRIERS TO REUSE. THE ADMINISTRATION'S PROPOSAL TO PERMIT ENVIRONMENTAL ISSUES TO BE ADDRESSED CONCURRENTLY RATHER THAN SEQUENTIALLY SHOULD BE IMPLEMENTED WITHOUT DELAY. LOCAL COMMUNITIES MUST BE GIVEN MORE INFORMATION ON A TIMELY BASIS ABOUT THE SCOPE OF ENVIRONMENTAL PROBLEMS AT EACH PROPERTY. CLEANUP WORK OFTEN CAN BE PERFORMED BY LOCAL BUSINESSES, THUS PROVIDING INTERIM ECONOMIC STIMULUS FOR THE COMMUNITY.

THE FEDERAL GOVERNMENT ALSO MUST ESTABLISH A COHERENT INDEMNIFICATION POLICY. THIS POLICY SHOULD ADDRESS BOTH FUTURE

PURCHASERS OR LESSEES AND CLEANUP CONTRACTORS. THE LACK OF AN INDEMNIFICATION POLICY FOR CLEANUP CONTRACTORS DETERS QUALIFIED CONTRACTORS FROM USING INNOVATIVE TECHNOLOGIES IN THEIR REMEDIATION EFFORTS. THE DEVELOPMENT AND APPLICATION OF NEW REMEDIATION TECHNOLOGIES CAN HELP MAKE PROPERTIES AVAILABLE FOR REUSE MORE QUICKLY. MOST IMPORTANT, IT IS ESSENTIAL THAT THE FEDERAL GOVERNMENT PROVIDE SUFFICIENT FUNDING ON A TIMELY BASIS TO MAINTAIN THE PROGRESS OF REMEDIATION EFFORTS AT EACH CLOSING BASE, AND THAT THERE BE NO DELAY IN DEDICATING ADEQUATE RESOURCES FOR THE FACILITIES AND INSTALLATIONS IMPACTED BY THE THIRD ROUND OF BASE REALIGNMENT AND CLOSINGS (BRAC III).

6.6 COOPERATION AND COORDINATION WITH STATE AND LOCAL GOVERNMENTS

AS DEFENSE DOWNSIZING AND RESTRUCTURING CONTINUES, THE FEDERAL GOVERNMENT MUST TAKE STEPS TO ENHANCE COOPERATION AND COORDINATION WITH STATE AND LOCAL GOVERNMENTS IN ORDER TO PRESERVE THE INTEGRITY OF LOCAL ECONOMIES.

Time limited (effective August 1993-August 1995).

EDC-7. BANKING REGULATION AND THE CREDIT CRUNCH

THE SAFETY AND SOUNDNESS OF THE BANKING SYSTEM WITHIN THE UNITED STATES IS IMPORTANT TO THE WELL-BEING AND FINANCIAL SECURITY OF BUSINESSES AND INDIVIDUALS IN ALL STATES. BANKS MUST BE SOUND AND PROFITABLE IN ORDER TO ASSIST IN ECONOMIC GROWTH. STATES AND THE FEDERAL GOVERNMENT, THROUGH THE DUAL BANKING SYSTEM, OVERSEE THE SOUNDNESS OF STATE AND NATIONAL BANKS.

THE GOVERNORS ARE CONCERNED THAT OVERLY RESTRICTIVE FEDERAL BANKING REGULATIONS MAY HAVE SLOWED THE NATION'S ECONOMIC GROWTH. SOME OF THE RECENT CHANGES IN LAW AND REGULATION WERE ADOPTED FOR SIGNIFICANT POLICY REASONS, BUT THEIR CUMULATIVE IMPACT HAS NEVER BEEN FULLY ANALYZED. FOR EXAMPLE, SOME CHANGES IN FEDERAL BANKING REGULATIONS HAVE MADE IT LESS ATTRACTIVE FOR FINANCIAL INSTITUTIONS TO PROVIDE LOANS TO BUSINESSES THAN TO PROVIDE LOANS TO GOVERNMENT ENTITIES. THIS UNINTENDED CONSEQUENCE DEMONSTRATES WHY FEDERAL BANKING REGULATIONS NEED REFORM.

MANY NEW FEDERAL LAWS AND STANDARDS RESULT IN INCREASED COSTS FOR COMPLIANCE AND OFTEN BURDEN FINANCIAL INSTITUTIONS WITH INAPPROPRIATE REQUIREMENTS, WHICH DECREASES THE AVAILABILITY OF CREDIT FOR BUSINESSES AND INDIVIDUALS. MANY BORROWERS, INCLUDING SMALL BUSINESS AND AGRICULTURAL BORROWERS, HAVE FOUND IT DIFFICULT OR IMPOSSIBLE TO OBTAIN CREDIT. ECONOMIC DEVELOPMENT AND GROWTH CAN BE BEST ENCOURAGED AND MAINTAINED BY LOWERING THE COST OF BORROWING MONEY AND ALLOWING MORE REASONABLE CREDIT TO BE AVAILABLE. THE SAFETY AND SOUNDNESS OF THE BANKING SYSTEM WOULD NOT BE HARMED BY ELIMINATING UNNEEDED REGULATIONS.

THE GOVERNORS APPLAUD THE EFFORTS OF THE CLINTON ADMINISTRATION TO STREAMLINE AND SIMPLIFY REQUIREMENTS IN AREAS SUCH AS LENDING TO SMALL AND MEDIUM-SIZED BUSINESSES; REAL ESTATE LENDING AND APPRAISALS; APPEALS OF EXAMINATION DECISIONS AND COMPLAINT HANDLING; EXAMINATION PROCESSES AND PROCEDURES; PAPERWORK AND REGULATORY BURDENS; AND OTHER MORE SPECIFIC RELIEF. WE CALL ON STATE BANK REGULATORS, IN CONSULTATION WITH THE GOVERNORS, TO SUGGEST

ADDITIONAL REGULATORY RELIEF MEASURES TO THE ADMINISTRATION FOR ITS CONSIDERATION.

FINALLY, THE GOVERNORS CALL ON CONGRESS AND THE ADMINISTRATION TO REVIEW THE IMPACT OF THE PAST DECADE OF REGULATORY AND STATUTORY CHANGES IN ORDER TO SEEK A BETTER UNDERSTANDING OF THE IMPACT OF DUPLICATIVE APPROACHES TO SAFETY AND SOUNDNESS ON THE COST OF DOING BUSINESS FOR BANKS AND ON CREDIT AVAILABILITY.

Time limited (effective August 1993-August 1995).

EDC-8. THE STATE ROLE IN NATIONAL SCIENCE AND TECHNOLOGY POLICY

8.1 PREAMBLE

THE GOVERNORS HAVE DEVELOPED A STRONG POSITION ON TECHNOLOGICAL INNOVATION BASED ON THE SUCCESSFUL WORK OF MANY STATE TECHNOLOGY PROGRAMS. A RECENT PAPER BY THE SCIENCE AND TECHNOLOGY COUNCIL OF THE STATES, "TRUE FEDERALISM: RECOGNIZING THE ROLE OF THE STATES IN THE DEVELOPMENT AND DIFFUSION OF INDUSTRIAL TECHNOLOGY," EXPRESSES THE GOVERNORS' ADVOCACY FOR A STRONG INTERGOVERNMENTAL APPROACH TO THE DEVELOPMENT AND DIFFUSION OF INDUSTRIAL TECHNOLOGY. MEMBERS OF THE COUNCIL ARE APPOINTED BY GOVERNORS, AND THE COUNCIL IS AN OFFICIAL WORKING GROUP OF THE NATIONAL GOVERNORS' ASSOCIATION.

8.2 PRINCIPLES FOR FEDERAL AND STATE ROLES IN SCIENCE AND TECHNOLOGY

CONSISTENT WITH THAT PAPER, THE GOVERNORS ENDORSE THE FOLLOWING PRINCIPLES FOR FEDERAL-STATE ENGAGEMENT.

- FEDERAL POLICYMAKERS SHOULD RECOGNIZE STATES AS AN INTEGRAL PART OF THE NATIONAL SCIENCE AND TECHNOLOGY SYSTEM.
- FEDERAL POLICYMAKERS SHOULD MAINTAIN U.S. GOVERNMENT SUPPORT FOR BASIC RESEARCH AS THE FOUNDATION FOR THE NATIONAL SCIENCE AND TECHNOLOGY SYSTEM.
- FEDERAL POLICYMAKERS SHOULD VIEW STATES NOT MERELY AS A SOURCE OF MATCHING FUNDS FOR FEDERAL PROGRAMS, BUT AS ORGANIZATIONS OFFERING LOCAL SOLUTIONS TO NATIONAL PROBLEMS THROUGH THEIR UNIQUE ABILITY TO FORM PARTNERSHIPS AMONG INDUSTRY, ACADEMIA, AND GOVERNMENT.
- FEDERAL POLICYMAKERS SHOULD NOT SEEK TO DUPLICATE AT THE NATIONAL LEVEL PROGRAMS THAT CURRENTLY ARE ADMINISTERED AT THE STATE LEVEL OR TO ESTABLISH PROGRAMS THAT COULD BE BETTER ADMINISTERED AT THE STATE LEVEL. THEY SHOULD SEEK TO JOIN STATE EFFORTS.
- NEW FEDERAL PROGRAMS INVOLVING STATES SHOULD BE DEVELOPED ONLY WITH STATE PARTICIPATION IN PROGRAM DESIGN.

- SOLICITATIONS FOR FEDERAL PROGRAMS INVOLVING STATES SHOULD PAY GREATER HEED TO THE DIVERSITY OF STATE TECHNOLOGY PROGRAMS AND SEEK TO EXPLOIT THAT DIVERSITY IN EVALUATING ALTERNATIVE COURSES OF ACTION.

- FEDERAL POLICYMAKERS SHOULD WORK WITH STATES TO DEVELOP FORMAL ORGANIZATIONAL ARRANGEMENTS WHEREBY THE FEDERAL AND STATE GOVERNMENTS MIGHT COORDINATE SCIENCE AND TECHNOLOGY STRATEGIES ON AN ONGOING BASIS.

THE GOVERNORS URGE THE FEDERAL GOVERNMENT TO MAKE USE OF THE EXISTING SCIENCE AND TECHNOLOGY COUNCIL OF THE STATES AS ONE SOURCE OF ADVICE ON NATIONAL SCIENCE AND TECHNOLOGY ISSUES.

Time limited (effective August 1993-August 1995).

RESOLUTION*

NORTH AMERICAN FREE TRADE AGREEMENT

THE GOVERNORS REAFFIRM THEIR SUPPORT FOR TIMELY AND EFFECTIVE IMPLEMENTATION OF THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) AND RELATED AGREEMENTS ON ENVIRONMENT AND LABOR. NAFTA IS EXPECTED TO CONTRIBUTE TO REAL GROWTH IN THE UNITED STATES, CANADA, AND MEXICO, AND IT REPRESENTS A POSITIVE STEP TOWARD FURTHER OPENING THE NORTH AMERICAN MARKET FOR U.S. EXPORTERS.

STATES MUST HAVE A ROLE IN FORMULATING THE DOMESTIC IMPLEMENTATION OF NAFTA AND ITS SIDE AGREEMENTS BECAUSE THEY HAVE THE PRIMARY RESPONSIBILITY FOR ITEMS SUCH AS SETTING ENVIRONMENTAL STANDARDS, ISSUING PERMITS, AND ENFORCING COMPLIANCE WITH THESE PROVISIONS. MOREOVER, STATES WILL BE INVOLVED IN IMPLEMENTING CERTAIN PROVISIONS, ADAPTING WORKER ADJUSTMENT PROGRAMS, AND ADDRESSING RESULTANT INFRASTRUCTURE NEEDS.

* Based upon Policy EDC-1.

REAFFIRM

EDC-9. ENTERPRISE ZONES

Forty states have initiated programs based on the "enterprise zone" concept, a mechanism for encouraging private sector job creation and revitalization in blighted areas of distressed cities and in rural areas, and for strengthening job retention efforts in rural areas whose economies are depressed. A wide range of tax and regulatory provisions have been adopted in these states as incentives for development within the zones. As laboratories of the federal system, states are leading the way in testing, evaluating, and redesigning the concept of enterprise zones.

Because of the widespread interest in the program, it is important that steps be taken to implement on a pilot basis a federal enterprise zone program, both to strengthen and improve the incentives already available in state programs and to determine the effectiveness of this concept.

The primary objectives of enterprise zones should be to increase the rate of business formation; encourage expansion of newer, small firms; improve current efforts at job retention; and expand opportunities for disadvantaged workers in designated distressed areas. Federal enterprise zone legislation should set broad geographic targeting guidelines within which states can certify locally developed zone boundaries. A package of complementary federal, state, and local incentives; investments; and services should be developed for each designated zone and should be negotiated in a cooperative agreement among all affected levels of government.

The success of a federal program will depend upon the ability to leverage the existing and future state and local efforts directed at these same goals.

Time limited (effective August 1993-August 1995).
Adopted August 1989 (formerly Policy E-5).

REAFFIRM

EDC-10. TOURISM

10.1 Preamble

Tourism, a large and rapidly growing sector of the U.S. international trade account, is an important part of state economic diversification and rural development programs, as well as a leading employer in most states. It is the third largest retail industry in the nation. Tourism has enjoyed strong growth over the past decade; receipts increased 175 percent between 1984 and 1992.

10.2 National Tourism Policy

The Governors believe that tourism must be an integral part of an economic development strategy and advocate the development of both domestic and international tourism as a high economic priority. To this end, the national tourism policy should:

- build on the strengths of the federal government, the states, and the private sector;
- achieve full recognition of the role of tourism in international policies and programs; and
- make available the resources of federal economic development programs to tourism projects undertaken by both public agencies and private businesses.

The federal government should incorporate the extensive experience, expertise, and capabilities of states as it develops tourism policies and programs.

10.3 International Travel

A key objective of U.S. tourism efforts must be to keep delays at ports of entry from becoming a deterrent to increasing international travel to our country. Federal agencies should effectively cut red tape and ease obstacles to travel in the United States in areas such as visas, passports, money exchange requirements, and customs congestion. The Governors urge the expansion of these programs, consistent with security and drug enforcement considerations. The visa waiver program and pre-inspection efforts are successful examples of programs that facilitate travel to the United States.

In addition, the federal government should establish programs to assist states and private industry in facilitating the travel of tourists from countries where language and cultural differences are significant.

10.4 Travel Data

The federal government has a unique role to play in the gathering and distribution of travel and tourism information. It should generate the baseline data needed by federal, state, and local policymakers and program managers that was provided by the National Travel Survey before it was discontinued. Data should support state and federal tourism marketing, tourism industry planning, air service, infrastructure planning, and international trade efforts.

10.5 Air Service

International air service is determined through bilateral negotiations between countries. States have a strong interest in decisions that affect domestic and international air service because these are key elements in the tourism picture. Affected states should be consulted and invited to participate as advisers to U.S. negotiators.

10.6 Infrastructure

Infrastructure supports domestic and international tourism. It includes airports; highways; air service; signage; national parks, forests, and other public lands and scenic areas; monuments; and historic sites and buildings. Infrastructure planning and promotion, responsibilities shared by states and the federal government, should incorporate analysis of tourism development needs at all stages.

10.7 U.S. Travel and Tourism Administration

The U.S. Travel and Tourism Administration (USTTA) has been an energetic and effective promoter of international tourism, an able advocate for the nation's travel and tourism services industry, and a valuable partner for states working to expand their tourism business. It is essential that funding for USTTA be continued if the nation is to compete successfully in the world tourism market. Reflecting the importance of tourism to the U.S. economy, this funding should be appropriated by Congress from general revenues.

USTTA should continue to support state and multistate regional initiatives among its highest priorities. USTTA should assist states that do not have international gateway airports to attract international tourism. In addition, USTTA should maintain and strengthen its overseas marketing operations. Other federal agencies, such as the Office of the U.S. Trade Representative, the U.S. and Foreign Commercial Service, the Department of Transportation, the Department of the Interior, and the Department of Agriculture, should coordinate their efforts with USTTA to achieve national tourism policy goals.

10.8 State Role

For their part, states should ensure that their tourism programs are fully incorporated into their economic development initiatives. They should continue to seek ways to promote increased travel in the United States by American and international travelers. In particular, states should develop regional and other cooperative tourism promotion efforts in areas such as market analysis and advertising. State programs also should focus on activities essential to tourism development, including infrastructure improvement, environmental protection, and business investment.

Time limited (effective August 1993-August 1995).

Adopted August 1989 (formerly Policy H-9).

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1993 Annual Meeting

COMMITTEE ON HUMAN RESOURCES

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Margaret A. Siegel, Group Director

Proposed Changes in Policy

HR-5.	A Conceptual Framework for National Welfare Reform	Page 4
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Reaffirm Existing Policy

HR-10.	Community Service	Page 31
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New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (—).

The Committee on Human Resources recommends the consideration of five new policy positions, one resolution, and the reaffirmation of one existing policy position. Pursuant to the recommendations of the Strategic Review Task Force, these proposals are time limited to two years. Background information and fiscal impact data follow.

1. A Conceptual Framework for National Welfare Reform (New Policy Position, HR-5.)

The framework, developed in conjunction with other state and local government organizations, outlines principles for reform of the welfare system. These principles include:

- full federal funding of any new mandates;
- time limits on cash assistance to families with children, with education, training, and support services to be available during the time-limited period;
- continued assistance beyond the time-limited period only if a recipient is working, unless no job, community service work opportunity, or community service placement is available;
- expansion of the Earned Income Tax Credit;
- stronger child support enforcement;
- incentives for the private sector to create jobs;
- improved support services for all workers, including families in transition from welfare to work; and
- a transition period from the current system to a new one, during which states would have additional flexibility to coordinate and operate welfare benefit and employment programs.

2. Strategic Plan for Workforce Development (New Policy Position, HR-6.)

The new policy position elaborates on the Governors' Principles for Workforce Excellence that were adopted at the 1993 Winter Meeting. It was developed jointly with the Committee on Economic Development and Commerce. The policy includes:

- commitment to a public-private partnership to develop a comprehensive, flexible, and high-quality workforce development system;
- integration of federal workforce development resources and increased state flexibility to streamline and customize federal programs;
- creation of a system for the development and maintenance of national voluntary industry-led skill standards;
- expanded federal resources for demonstrably successful youth employment programs, such as Job Corps and career academies; and
- consolidation of dislocated worker programs, with increased state flexibility in the use of discretionary federal funds.

3. Elementary and Secondary Education (New Policy Position, HR-7.)

The policy provides Congress with a series of principles to consider as the federal role in elementary and secondary education is reviewed through the reauthorization of the Elementary and Secondary Education Act of 1965.

Language that currently is in Policy C-2.3 would be deleted.

4. Fair Labor Standards Act Overtime Pay (New Policy Position, HR-8.)

Recent federal court interpretations regarding the application of the Fair Labor Standards Act (FLSA) regulations to public employers have resulted in huge awards of back overtime pay to executive, professional, and administrative public employees earning annual salaries of between \$40,000 and \$90,000. Dozens of suits against state and local governments have been decided across the nation and scores more are pending. The proposal incorporates the following points.

- The FLSA regulations were written fifty years ago -- long before FLSA applied to public employees -- and their application to public employees is wholly inappropriate.
- The Department of Labor should revise these regulations and replace them with an alternative approach that more effectively addresses public sector employment.
- Congress should immediately pass legislation that would retroactively eliminate the liability that has thus far accrued to state and local governments as a result of the FLSA regulations.

Adoption of these changes by the federal government would save states millions of dollars in back overtime pay settlements.

5. School-Linked Integrated Children and Youth Support Services (New Policy Position, HR-9.)

The policy calls for improved coordination and integration of federal programs for children and youth, with particular emphasis on programs linked to school systems. It urges states and localities to develop comprehensive networks to meet the developmental needs of children and youth.

The fiscal impact of the policy will be determined by whether the federal government establishes the suggested planning grant incentive program for states and localities.

6. The Impact of Immigration on State Corrections Costs (Resolution, based upon Policies HR-3. and B-7.)

The resolution is pursuant to and consistent with NGA policies on immigration and corrections. It calls on the federal government to acknowledge that costs associated with illegal immigration are a national responsibility, and to reimburse states for their costs associated with illegal immigration under Section 501 of the Immigration Reform and Control Act. Furthermore, it calls on the federal government to speed the process of deporting undocumented aliens who are convicted of state crimes.

This proposal would shift the costs of dealing with certain illegal immigrant problems from states to the federal government.

7. Reaffirm Existing Policy

The committee proposes the reaffirmation of the policy position "Community Service" (formerly C-21), which promotes a partnership among governments and the non-profit sector, recognizes the key state role in service, and includes program variety, training, and service learning.

HR-5. A CONCEPTUAL FRAMEWORK FOR NATIONAL WELFARE REFORM

5.1 PREAMBLE

WELFARE SHOULD BE A TRANSITIONAL PROGRAM THAT MOVES PEOPLE FROM TEMPORARY ASSISTANCE TO SELF-SUFFICIENCY. WELFARE BENEFITS SHOULD BE BASED ON A SOCIAL CONTRACT THAT SETS FORTH THE RESPONSIBILITIES AND OBLIGATIONS OF BOTH THE RECIPIENT AND THE GOVERNMENT. THE GOALS OF THIS TEMPORARY ASSISTANCE PROGRAM SHOULD INCLUDE RECOGNITION OF THE ESSENTIAL DIGNITY, WELL-BEING, AND RESPONSIBILITIES OF EVERY AMERICAN.

THIS PROGRAM SHOULD BE A PARTNERSHIP BETWEEN ALL LEVELS OF GOVERNMENT ON BEHALF OF THE TAXPAYER AND THOSE WHO ARE IN NEED OF TEMPORARY ASSISTANCE. THE WELFARE PROGRAM SHOULD BE STRUCTURED TO ENCOURAGE MEANINGFUL WORK AND FACILITATE THE MOVE TO INDEPENDENCE. IT SHOULD REWARD WORK AND A REASONABLE AMOUNT OF SAVINGS.

IN ADDITION TO REWARDING MEANINGFUL WORK, THE WELFARE PROGRAM SHOULD SEEK TO SUPPORT STABLE FAMILY RELATIONSHIPS, ENSURE CHILD SUPPORT COLLECTION, AND PROVIDE ASSISTANCE TO OBTAIN THE EDUCATIONAL AND JOB SKILLS NECESSARY TO LONG-TERM SELF-SUFFICIENCY.

ELIGIBILITY FOR OTHER GOVERNMENT PROGRAMS, SUCH AS SUPPLEMENTAL SECURITY INCOME AND SOCIAL SECURITY DISABILITY INSURANCE, SHOULD BE EXPANDED TO ASSIST THOSE FOR WHOM WORK IS NOT AN OPTION BECAUSE OF AGE OR DISABILITY. HOWEVER, INDEPENDENCE AND SELF-SUFFICIENCY SHOULD NOT BE EXCLUDED AS APPROPRIATE GOALS FOR ALL AMERICANS.

THE NATIONAL PROGRAM SHOULD BE FINANCED TO ENSURE FULL FEDERAL FUNDING OF ANY MANDATES AND SHOULD NOT RESULT IN NEW COSTS OR A SHIFT OF FEDERAL COSTS TO STATES, COUNTIES, AND LOCALITIES. THE FEDERAL GOVERNMENT MUST RECOGNIZE ITS RESPONSIBILITY TO PROVIDE FOR THE LONG-TERM NEEDS OF CHILDREN AND OF PERSONS WHO ARE PHYSICALLY OR MENTALLY DISABLED.

5.2 TEMPORARY CASH ASSISTANCE

ASSISTANCE, IN THE FORM OF CASH GRANTS,* TO FAMILIES WITH CHILDREN SHOULD BE AVAILABLE FOR A TIME-LIMITED PERIOD DURING WHICH ACTIVITIES THAT ARE DESIGNED TO MAKE THE TRANSITION FROM WELFARE TO WORK TAKE PLACE.

THESE ACTIVITIES SHOULD INCLUDE EDUCATION, TRAINING, AND THE SUPPORT SERVICES NECESSARY TO HELP PARTICIPANTS BECOME SELF-SUFFICIENT. RECEIPT OF ASSISTANCE DURING THIS PERIOD SHOULD BE CONDITIONED UPON ONGOING COMPLIANCE WITH THE SOCIAL CONTRACT. STATES SHOULD BE GRANTED BROAD FLEXIBILITY IN DEFINING THE COMPONENTS OF THE SOCIAL CONTRACT, INCLUDING REQUIREMENTS TO BEGIN WORK BEFORE THE MAXIMUM TIME IS EXHAUSTED. THE ONGOING FINANCIAL NEEDS OF CHILDREN MUST BE ADDRESSED IN ANY TIME-LIMITED SYSTEM.

CONTINUED FEDERAL, STATE, COUNTY, AND LOCAL ASSISTANCE UNDER THE NATIONAL PROGRAM BEYOND THE TIME-LIMITED PERIOD SHOULD DEPEND ON A REQUIREMENT OF WORK OR WORK-RELATED ACTIVITIES UNLESS NO JOB, COMMUNITY SERVICE WORK OPPORTUNITY, OR COMMUNITY SERVICE PLACEMENT IS AVAILABLE.

STATES SHOULD HAVE THE FLEXIBILITY TO EXTEND ASSISTANCE AS NEEDED, WITH FULL FEDERAL FINANCIAL PARTICIPATION, FOR A LIMITED PERIOD BEYOND THE FEDERAL STANDARD ON A CASE-BY-CASE BASIS IN ORDER TO ENSURE THAT RECIPIENTS COMPLETE EDUCATION OR JOB TRAINING PROGRAMS, COMPLETE TREATMENT FOR SUBSTANCE ABUSE OR OTHER PHYSICAL OR MENTAL IMPAIRMENTS, OR RESOLVE EMERGENCY SITUATIONS SUCH AS HOMELESSNESS.

5.3 EARNED INCOME TAX CREDIT

THE EARNED INCOME TAX CREDIT (EITC) SHOULD BE EXPANDED OVER TIME SO THAT WITH FOOD STAMPS, A FAMILY OF FOUR WITH A FULL-TIME, YEAR-ROUND WORKER WILL BE BROUGHT TO THE POVERTY LINE.

* CURRENTLY THE AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) PROGRAM

ADMINISTRATION OF EITC SHOULD BE SIMPLIFIED, OUTREACH AND EDUCATION TO ENSURE FULL PARTICIPATION SHOULD BE EXPANDED, AND WORKER CHOICE REGARDING THE FREQUENCY OF PAYMENT SHOULD BE PRESERVED.

5.4 JOB DEVELOPMENT

AS JOBS ARE CREATED IN THE ECONOMY THROUGH VARIOUS MEANS, EVERY EFFORT SHOULD BE MADE TO ENSURE THAT EMPLOYMENT IS AVAILABLE TO THOSE MAKING THE TRANSITION FROM WELFARE TO WORK. THE PRIVATE SECTOR, THE MAJOR SOURCE OF NEW JOB OPPORTUNITIES, SHOULD BE ENCOURAGED TO TRAIN WORKERS AND TO HIRE THOSE RECIPIENTS WHO ARE TRAINED AND READY TO WORK. INCENTIVES TO EMPLOYERS TO HIRE, SUCH AS TARGETED TAX CREDITS AND WAGE SUPPLEMENTATION, SHOULD BE ENHANCED. JOB DEVELOPMENT THROUGH THE CREATION OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES SHOULD MAKE JOBS AVAILABLE TO WORKERS IN TRANSITION FROM WELFARE. PUBLIC AGENCIES AT ALL LEVELS OF GOVERNMENT SHOULD LEAD BY EXAMPLE AND ACCEPT THEIR OBLIGATION TO EMPLOY THOSE IN TRANSITION FROM WELFARE AS JOBS ARE DEVELOPED. WHERE APPROPRIATE, GOVERNMENT VENDORS ALSO SHOULD BRING THESE INDIVIDUALS INTO THEIR WORKFORCE.

5.5 WORK AND COMMUNITY SERVICE

ALL AMERICANS SHOULD BE PRODUCTIVE MEMBERS OF THEIR COMMUNITY. THERE ARE VARIOUS WAYS TO ACHIEVE THIS GOAL. THE PREFERRED MEANS IS THROUGH PRIVATE, UNSUBSIDIZED WORK IN THE BUSINESS OR NONPROFIT SECTORS. OTHER ALTERNATIVES, IN ORDER OF PRIORITY, INCLUDE UNSUBSIDIZED PUBLIC SECTOR EMPLOYMENT, SUBSIDIZED JOBS, GRANT DIVERSION, WORKING OFF THE WELFARE GRANT, AND VOLUNTEERING IN COMMUNITY SERVICE WORK.

COMMUNITY SERVICE WORK OPPORTUNITIES SHOULD BE DEVELOPED AND MANAGED THROUGH THE EXISTING INFRASTRUCTURE AT THE FEDERAL, STATE, COUNTY, AND LOCAL LEVELS. RECIPIENTS SHOULD BE PLACED IN JOBS THAT ATTEND TO THE PUBLIC GOOD, SUCH AS IN SCHOOL SYSTEMS, PUBLIC WORKS DEPARTMENTS, SOCIAL SERVICE AGENCIES, AND HEALTH CARE AND CHILD CARE FACILITIES. EVERY EFFORT SHOULD BE MADE TO PLACE THE PERSON IN A

POSITION RELATED TO HIS OR HER EDUCATIONAL AND JOB TRAINING SKILLS SO IT CAN SERVE AS A USEFUL STEPPING STONE TO PRIVATE SECTOR EMPLOYMENT.

STATE AND LOCAL GOVERNMENTS SHOULD HAVE THE FLEXIBILITY TO USE SOME PORTION OF THEIR FUNDS FOR COMMUNITY SERVICE TO PROVIDE SHORT-TERM SUBSIDIES TO ENSURE THE TRANSITION OF PEOPLE INTO PRIVATE SECTOR EMPLOYMENT.

5.6 ADDITIONAL SUPPORT NEEDS

THE FOLLOWING ARE ADDITIONAL SUPPORT NEEDS.

5.6.1 CHILD CARE. THE NATION'S SHORTAGE OF AFFORDABLE, AVAILABLE, AND QUALITY CHILD CARE IS A PROBLEM FOR WORKING FAMILIES WITH CHILDREN AT ALL INCOME LEVELS. IT IS A PROBLEM THAT IS NO LESS A BURDEN FOR THOSE WHO WANT TO AVOID WELFARE THAN FOR THOSE WHO WANT TO LEAVE WELFARE. THE FEDERAL GOVERNMENT SHOULD FORMULATE A CHILD CARE FINANCIAL SUPPORT POLICY THAT APPLIES TO ALL AMERICANS. IN ADDITION, THE FEDERAL GOVERNMENT SHOULD LIFT REGULATORY BARRIERS AND ALLOW STATES THE DISCRETION TO COORDINATE AND COMBINE CHILD CARE ASSISTANCE ADMINISTRATIVELY INTO ONE PROGRAM. THE DEPENDENT CARE TAX CREDIT SHOULD BE MADE REFUNDABLE TO ASSIST LOW-INCOME WORKING FAMILIES WITH THE COSTS OF CHILD CARE. OTHER SOLUTIONS INCLUDE EXPANSION OF TRANSITIONAL CHILD CARE FOR UP TO TWO YEARS, INCREASED SUPPORT FOR AT-RISK CHILD CARE, INCENTIVES AND TRAINING TO EXPAND FAMILY DAY CARE, AND EXPANSION OF HEAD START AND YEAR-ROUND SCHOOLS. THESE SOLUTIONS HAVE THE ADDED BENEFIT OF PROVIDING OPPORTUNITIES FOR EMPLOYMENT FOR THOSE IN TRANSITION FROM WELFARE TO WORK.

5.6.2 HEALTH CARE. ACCESS TO QUALITY, AFFORDABLE HEALTH CARE FOR ALL AMERICANS IS ESSENTIAL TO ENABLE PEOPLE TO MAKE A PERMANENT TRANSITION FROM WELFARE TO WORK. ASSURANCE OF HEALTH CARE COVERAGE OUTSIDE THE WELFARE SYSTEM CAN PREVENT ENTRY INTO THE SYSTEM FOR SOME AND ENABLE OTHERS WHO LEAVE WELFARE FOR JOBS TO DO SO WITHOUT THE LOSS OF HEALTH BENEFITS. WHILE NATIONAL HEALTH CARE REFORMS ARE BEING DEVELOPED AND IMPLEMENTED, HEALTH CARE SHOULD BE MADE AVAILABLE TO THOSE IN TRANSITION FROM WELFARE TO WORK

WITHOUT REGARD TO PARTICIPATION IN OTHER ASSISTANCE PROGRAMS AT FEES BASED ON A SLIDING SCALE THAT REFLECTS FAMILY INCOME.

5.6.3 TRANSPORTATION. IN MANY AREAS, TRANSPORTATION IS A SIGNIFICANT BARRIER TO EMPLOYMENT. MANY WORKERS ARE UNABLE TO TRAVEL TO AVAILABLE JOBS BECAUSE THEY DO NOT HAVE RELIABLE TRANSPORTATION. RAISING ASSET LIMITS WOULD ENABLE SOME TO OWN CARS SO THEY COULD GET TO JOBS. STATES, COUNTIES, AND LOCALITIES ALSO SHOULD BE ENCOURAGED AND ASSISTED TO COORDINATE THE USE OF EXISTING TRANSPORTATION (E.G., SCHOOL BUSES AND VANS FOR THE TRANSPORTATION OF THE ELDERLY AND DISABLED).

5.6.4 SUBSIDIZED HOUSING. FOR MANY FAMILIES THE COST OF UNSUBSIDIZED HOUSING EXCEEDS THE AMOUNT OF CASH ASSISTANCE THEY RECEIVE. OTHER FAMILIES RELY ON SUBSIDIZED HOUSING, HOUSING FOR WHICH THEY ARE ELIGIBLE BASED ON THEIR INCOME. FOR THESE FAMILIES TO MOVE FROM WELFARE TO WORK, THEY NEED TO BE ABLE TO REMAIN IN SUBSIDIZED HOUSING UNTIL THEIR EARNINGS ARE HIGH ENOUGH TO ENABLE THEM TO PAY FOR UNSUBSIDIZED HOUSING. ELIGIBILITY FOR SUBSIDIZED HOUSING SHOULD BE COORDINATED WITH ELIGIBILITY FOR OTHER ASSISTANCE PROGRAMS TO ENSURE THAT WORK IS FINANCIALLY REWARDED.

5.6.5 WORKPLACE ADJUSTMENT. THIS ASSISTANCE MUST CONTINUE AS AN ELIGIBLE PROGRAM TO MEET THE NEEDS OF PEOPLE UNFAMILIAR WITH THE WORK ENVIRONMENT. HELP SHOULD BE PROVIDED IN LEARNING AND DEALING WITH WORKPLACE REQUIREMENTS SUCH AS HOURS AND PUNCTUALITY, LEAVE, APPROPRIATE DRESS, SPEECH, RELATIONSHIPS WITH COWORKERS AND SUPERVISORS, AND EMPLOYMENT AND LABOR RULES. THE OBJECTIVE IS TO ENABLE PEOPLE TO MAKE THE TRANSITION FROM A DEPENDENT LIFESTYLE TO A SELF-SUFFICIENT LIFE WITHIN A WORK ENVIRONMENT.

5.6.6 OTHER SUPPORTS. FAMILY AND INDIVIDUAL COUNSELING, PEER SUPPORT GROUPS, MENTORING, AND OTHER NEEDED FAMILY SUPPORTS SHOULD BE MAINTAINED THROUGHOUT THE TRANSITION FROM WELFARE TO WORK.

5.7 PROGRAM COORDINATION

THE EFFECTIVE DELIVERY OF SERVICES AND BENEFITS WILL REQUIRE BETTER COORDINATION AND INTEGRATION. FEDERAL EDUCATION, HOUSING, HEALTH AND HUMAN SERVICES, LABOR, AND AGRICULTURE AGENCIES SHOULD

REMOVE BARRIERS AND CONSOLIDATE AND STANDARDIZE LANGUAGE, PROGRAMS, AND REQUIREMENTS. STATES AND LOCALITIES SHOULD BE GIVEN GREATER FLEXIBILITY IN THE USE OF EXISTING PROGRAMS.

5.8 CHILD SUPPORT ENFORCEMENT

THE GOVERNORS BELIEVE THAT A MORE EFFECTIVE CHILD SUPPORT SYSTEM IS A CRITICAL COMPONENT OF WELFARE REFORM. BOTH CUSTODIAL AND NONCUSTODIAL PARENTS MUST ACCEPT PRIMARY RESPONSIBILITY FOR THE SUPPORT OF THEIR CHILDREN.

THE CURRENT CHILD SUPPORT ENFORCEMENT SYSTEM IS NOT WORKING VERY WELL. STATES DO NOT HAVE THE TOOLS OR THE RESOURCES TO RUN A GOOD SYSTEM. JUST 58 PERCENT OF ELIGIBLE WOMEN HAVE SUPPORT ORDERS AND ONLY HALF COLLECT THE FULL AMOUNT. THIS MEANS THAT MORE THAN 70 PERCENT OF MOTHERS WHO ARE ENTITLED TO CHILD SUPPORT EITHER LACK SUPPORT ORDERS OR DO NOT RECEIVE THE FULL AMOUNT DUE UNDER SUCH ORDERS.

STATES, COUNTIES, AND LOCALITIES HAVE CONTINUED TO MAKE IMPROVEMENTS IN THE ESTABLISHMENT OF PATERNITY AND SUPPORT ORDERS AND IN THE COLLECTION OF SUPPORT. IN PARTICULAR, THE FAMILY SUPPORT ACT OF 1988 MADE IMPORTANT IMPROVEMENTS TO THE CHILD SUPPORT SYSTEM. HOWEVER, THE STATISTICAL DATA SHOWING LARGE ARREARAGES AND SUBSTANTIAL DIFFERENCES IN PERFORMANCE AMONG STATES SUGGEST THAT COLLECTIONS CAN BE INCREASED FURTHER WITH BROADER USE OF THE MORE SUCCESSFUL TECHNIQUES. IN ADDITION, THERE ARE SIGNIFICANT PROBLEMS IN THE INTERSTATE ENFORCEMENT OF SUPPORT OBLIGATIONS AND AREAS WHERE ADDITIONAL FEDERAL SUPPORT COULD INCREASE THE EFFECTIVENESS OF STATE EFFORTS.

THE ESTABLISHMENT AND ENFORCEMENT OF SUPPORT OBLIGATIONS ARE CENTRAL PARTS OF FAMILY LAW, AN AREA LONG WITHIN THE PURVIEW OF STATE GOVERNMENT. SIMILARLY, MANY OF THE PROPOSED ENFORCEMENT TECHNIQUES REQUIRE CHANGES IN LICENSING, INSURANCE REGULATION, AND COMMERCIAL LAW, ALSO AREAS LONG UNDER STATE PURVIEW.

THE GOVERNORS URGE FEDERAL ACTION TO IMPROVE CHILD SUPPORT ENFORCEMENT IN THE FOLLOWING AREAS.

5.8.1 IMPROVED FEDERAL COLLECTION TOOLS. THESE TOOLS INCLUDE THE FOLLOWING.

- STATE GOVERNMENTS NEED ACCESS TO INTERNAL REVENUE SERVICE (IRS) DATA.
- IRS COLLECTION TOOLS SHOULD BE AVAILABLE TO STATES.
- SUPPORT OBLIGATIONS SHOULD BE REPORTED ON A MODIFIED W-4 FORM.
- EMPLOYERS SHOULD BE REQUIRED TO REPORT NEW HIRES TO STATE AGENCIES VIA THE MODIFIED W-4 FORM.
- A NATIONAL REGISTRY OF NEW HIRES SHOULD BE MAINTAINED.
- A FEDERAL REGISTRY OF SUPPORT ORDERS SHOULD BE ESTABLISHED AND MAINTAINED.
- A NATIONAL COMPUTER DATABASE OF LOCATER INFORMATION SHOULD BE ESTABLISHED AND MAINTAINED.
- FEDERAL RESOURCES SHOULD SUPPORT EFFECTIVE CHILD SUPPORT ENFORCEMENT.

5.8.2 PERFORMANCE-BASED INCENTIVES FOR STATE AND LOCAL IMPLEMENTATION. INCENTIVES SHOULD BE AVAILABLE TO STATES FOR THE SUCCESSFUL COMPLETION OF PERFORMANCE OUTCOMES. INCENTIVE FUNDS SHOULD BE EARMARKED FOR PROGRAMS THAT SERVE CHILDREN.

AREAS OF PERFORMANCE MIGHT INCLUDE SOME OF THE FOLLOWING.

- ESTABLISHING PATERNITY. A STATE ESTABLISHES A SYSTEM TO VOLUNTARILY ESTABLISH PATERNITY AND ACHIEVES IMPROVEMENTS IN THIS AREA.
- APPLYING NATIONAL CHILD SUPPORT STANDARDS. A NATIONAL COMMISSION WITH A STRONG STATE, COUNTY, AND LOCAL ROLE SHOULD BE ESTABLISHED BY CONGRESS TO DEVELOP NATIONAL STANDARDS FOR CHILD SUPPORT ORDERS. INCENTIVES THAT ENCOURAGE STATES TO ACHIEVE NATIONAL STANDARDS ARE RECOMMENDED.

FEDERAL LEGISLATION SHOULD REQUIRE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) PLANS TO CONFORM TO STATE LAW AND REGULATIONS REGARDING THE AVAILABILITY OF MEDICAL SUPPORT.

IN THE EVENT NATIONAL GUIDELINES ARE ESTABLISHED PRIOR TO PASSAGE OF UNIVERSAL ACCESS TO HEALTH CARE, THOSE GUIDELINES WOULD HAVE TO INCLUDE PROVISION FOR MEDICAL SUPPORT, INCLUDING REASONABLE LIMITS ON THE ADDITIONAL COSTS THAT WOULD BE BORNE BY THE ABSENT PARENT.

- IMPROVING COLLECTIONS OF CHILD SUPPORT. STATES, COUNTIES, AND LOCALITIES SHOULD RECEIVE INCENTIVE PAYMENTS FOR REACHING CERTAIN LEVELS OF COLLECTIONS THAT ARE AGREED UPON IN ADVANCE. THIS COULD BE ACCOMPLISHED THROUGH ADVERSELY AFFECTING LICENSES, INTERDICTING LUMP SUM PAYMENTS, AND REPORTING TO CREDIT AGENCIES.
- TIMELINESS OF INTERSTATE COLLECTIONS.
- PROCESSING TIMES AT KEY DECISION POINTS.
- AMOUNT OR PERCENT OF SUPPORT COLLECTED.
- ESTABLISHING MEDIATION SERVICES TO RESOLVE VISITATION ISSUES.

PERFORMANCE OUTCOME MEASURES SHOULD BE DEVELOPED IN CONSULTATION WITH STATES, COUNTIES, AND LOCALITIES. THEY SHOULD BE BASED ON ACTUAL LEVELS OF ACHIEVED PERFORMANCE AND SHOULD BE TAILORED TO INDIVIDUAL STATE CONDITIONS. AT LEAST INITIALLY, THE EMPHASIS SHOULD BE ON IMPROVING PERFORMANCE OUTCOMES RATHER THAN ON REACHING AN ARBITRARY TARGET.

5.8.3 DATA COLLECTION AND RESEARCH. ALTHOUGH THERE IS STRONG EVIDENCE TO SUPPORT THE EFFECTIVENESS OF A VARIETY OF ENFORCEMENT TOOLS, THESE DATA OFTEN ARE FRAGMENTED AND ARE NOT DESIGNED TO EFFECTIVELY ANSWER QUESTIONS ABOUT COSTS AND BENEFITS IN SPECIFIC CIRCUMSTANCES OR TO ALLOW FOR THE CAREFUL EVALUATION OF ALTERNATIVE APPROACHES TO A SIMILAR GOAL. MORE COMPLETE DATA AND ADDITIONAL RESEARCH ON SPECIFIC ENFORCEMENT TOOLS WOULD BOTH ENCOURAGE ACTION AT THE STATE LEVEL AND IMPROVE DECISIONMAKING.

THE FEDERAL GOVERNMENT SHOULD EXPAND ITS DATA COLLECTION AND RESEARCH CAPACITY AND WORK COOPERATIVELY WITH STATES TO DEVELOP PRIORITIES FOR FUTURE RESEARCH.

- 5.8.4 DATA PROCESSING SYSTEMS.** THE EXISTING REQUIREMENTS FOR MANAGEMENT INFORMATION SYSTEMS HAVE DEVELOPED OVER AN EXTENDED PERIOD OF TIME. IN SOME CASES, IT APPEARS THAT REQUIRED MATCHES BETWEEN AND AMONG SYSTEMS MAY BE DUPLICATIVE. IN OTHER CASES, THE SYSTEMS MAY NOT PROVIDE ACCESS TO THE FULL RANGE OF AVAILABLE INFORMATION.

THE FEDERAL GOVERNMENT SHOULD, IN COOPERATION WITH STATES, UNDERTAKE A COMPREHENSIVE REVIEW OF THE MANAGEMENT INFORMATION NEEDS OF THE PROGRAM AND DEVELOP RECOMMENDATIONS BOTH FOR THE REQUIRED INTERFACES BETWEEN STATE SYSTEMS AND FEDERAL AND STATE DATABASES, AND FOR THE NEEDED INTERFACES AMONG STATE SYSTEMS.

- 5.8.5 ADMINISTRATIVE CHANGES.** IT IS RECOMMENDED THAT THE AUDIT PROCESS BE CHANGED FROM PROCESS-ORIENTED TO OUTCOME-ORIENTED PERFORMANCE MEASURES. THE FEDERAL OFFICE OF CHILD SUPPORT ENFORCEMENT SHOULD CONDUCT A STUDY ON MINIMUM STAFFING STANDARDS.

- 5.8.6 TECHNICAL ASSISTANCE AND SUPPORT.** ADDITIONAL TECHNICAL ASSISTANCE FROM THE FEDERAL GOVERNMENT TO STATES, COUNTIES, AND LOCALITIES IS NEEDED. TECHNICAL ASSISTANCE MUST GO BEYOND MERELY TELLING STATES AND LOCALITIES WHAT THEY SHOULD DO. EFFECTIVE TECHNICAL ASSISTANCE REQUIRES AN UNDERSTANDING OF GOOD PRACTICE AND THE ABILITY TO WORK WITH STATES AND LOCALITIES TO HELP DECISIONMAKERS UNDERSTAND THE BENEFITS OF SUCH PRACTICES AND TO HELP TAILOR THOSE PRACTICES TO THE POLITICAL AND ADMINISTRATIVE CONDITIONS OF EACH STATE.

- 5.8.7 IMPROVEMENTS TO INTERSTATE ENFORCEMENT.** ONE-THIRD OF CHILD SUPPORT ENFORCEMENT CASES REQUIRE INTERSTATE COLLECTION. FEDERAL LEGISLATION SHOULD BE ENACTED TO ADOPT UNIFORM INTERSTATE CHILD SUPPORT ENFORCEMENT PROCEDURES TO ENSURE THAT CHILD SUPPORT ORDERS ARE ENFORCED UNIFORMLY THROUGHOUT THE NATION.

- 5.8.8 CONTINUING EXPERIMENTATION.** THE FEDERAL GOVERNMENT SHOULD AUTHORIZE AND FULLY FUND CHILD SUPPORT ASSURANCE DEMONSTRATIONS.

5.8.9 ASSISTANCE TO NONCUSTODIAL PARENTS. THE FEDERAL GOVERNMENT SHOULD EXAMINE ELIGIBILITY FOR JOB TRAINING AND OTHER SERVICES DESIGNED TO IMPROVE EARNING CAPACITY, AND SHOULD CONSIDER ELIMINATING DISINCENTIVES TO MARRIAGE, PARTICULARLY FOR TEENAGE PARENTS.

5.8.10 CONTINUED EVALUATION AND IMPLEMENTATION. THE GOVERNORS SUPPORT CONTINUED EVALUATION AND IMPLEMENTATION OF THE BROAD RANGE OF PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT TOOLS NOW IN OPERATION ACROSS THE NATION.

5.9 TRANSITION

PENDING THE ADOPTION OF A NEW OR REFORMED NATIONAL WELFARE PROGRAM, THE FEDERAL GOVERNMENT SHOULD DO THE FOLLOWING.

- INCREASE FEDERAL FUNDING FOR THE JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) TRAINING PROGRAM, MODIFY STATE MATCHING REQUIREMENTS, AND ALLOW STATES TO NEGOTIATE PERFORMANCE TARGETS THAT REFLECT THEIR ECONOMIC CONDITIONS AND THE PRIORITIES LIKELY TO BE ESTABLISHED UNDER A REFORM PROGRAM. THESE PERFORMANCE TARGETS SHOULD REPLACE EXISTING WEEKLY, HOURLY, AND ANNUAL PARTICIPATION REQUIREMENTS.
- ALLOW STATES ADDITIONAL FLEXIBILITY IN THE DESIGN OF CASH ASSISTANCE PROGRAMS THROUGH MODIFICATION OF STATE PLANS RATHER THAN WAIVERS. CHANGES SHOULD INCLUDE BUT NOT BE LIMITED TO:
 - ELIMINATING THE 100-HOUR RULE AND THE JOBS TWENTY-HOUR RULE;
 - EXTENDING ELIGIBILITY TO ALL FAMILIES WITH CHILDREN;
 - ALLOWING THE CASH-OUT OF FOOD STAMP BENEFITS;
 - INCREASING THE ASSET LIMIT, ESPECIALLY REGARDING THE PERMISSIBLE VALUE OF VEHICLES;
 - DISREGARDING THE INCOME OF STEP-PARENTS IN CALCULATING INCOME AND ELIGIBILITY;
 - CONVERTING WELFARE BENEFITS TO WAGES FOR GRANT DIVERSION OR OTHER WORK IN EXCHANGE FOR WELFARE PROGRAMS;
 - EXPANDING THE EARNED INCOME DISREGARDS; AND
 - EXTENDING SUPPORT SERVICES TO FAMILIES UNTIL THEY REACH ECONOMIC SELF-SUFFICIENCY.

- ALLOW VARIOUS EVALUATION METHODS TO BE USED IN LIEU OF CONTROL GROUPS.

5.10 IMPLEMENTATION OF REFORM

THERE IS BROAD SUPPORT FOR MOVING AHEAD EXPEDITIOUSLY ON NATIONAL WELFARE REFORM. AS THE FEDERAL GOVERNMENT DEVELOPS A NATIONAL PROGRAM, STATES SHOULD BE ENCOURAGED AND PERMITTED TO PURSUE STATE-BASED WELFARE REFORM PROGRAMS AGGRESSIVELY AND TO IMPLEMENT DEMONSTRATIONS.

STATES, COUNTIES, AND LOCALITIES THAT ARE ABLE AND WILLING TO ACT QUICKLY ON THE IMPLEMENTATION OF WELFARE REFORM SHOULD BE ENCOURAGED TO DO SO. APPROPRIATE INCENTIVES, TECHNICAL ASSISTANCE, AND PROGRAMMATIC SUPPORT SHOULD BE OFFERED TO THEM. FOR STATES THAT NEED A LONGER TIME TO IMPLEMENT THE NEW SYSTEM, THE FEDERAL ROLE SHOULD BE ONE OF FACILITATING THE TRANSITION WITH TARGETED TECHNICAL ASSISTANCE AND SUPPORT.

EFFICIENTLY MANAGED PROGRAMS REQUIRE NEW TECHNOLOGY AND TRAINING. THE FEDERAL GOVERNMENT MUST MAINTAIN ITS LEVEL OF INVESTMENT IN THIS NECESSARY INFRASTRUCTURE IN ORDER TO ACHIEVE WELFARE REFORM. FEDERAL REQUIREMENTS REGARDING THE PROCESS OF ACQUISITION OF TECHNOLOGY DESIGNED TO SUPPORT WELFARE REFORM SHOULD BE SIMPLIFIED AND EXPEDITED.

HR-6. STRATEGIC PLAN FOR WORKFORCE DEVELOPMENT

6.1 PREAMBLE

THE GOVERNORS' "PRINCIPLES TO ENSURE WORKFORCE EXCELLENCE" ESTABLISH A VISION OF A NEW STATE-FEDERAL PARTNERSHIP DESIGNED TO CREATE A COMPREHENSIVE, FLEXIBLE, AND HIGH-QUALITY WORKFORCE DEVELOPMENT SYSTEM. WE BELIEVE THAT THIS VISION MUST BE IMPLEMENTED IN A MANNER THAT RECOGNIZES AN EVOLVING AND INCREASINGLY COMPETITIVE WORLD ECONOMY WHILE BEING HIGHLY RESPONSIVE TO LOCAL SOCIAL AND ECONOMIC CONDITIONS. THIS VISION SHOULD INCLUDE A SEAMLESS SYSTEM OF LIFELONG LEARNING BEGINNING IN THE ELEMENTARY AND SECONDARY SCHOOL GRADES AND CONTINUING THROUGH ADULTHOOD. IT IS PARTICULARLY IMPORTANT THAT THE PRIVATE SECTOR BE FULL PARTNERS IN IMPLEMENTING PUBLIC AND PRIVATE STRATEGIES TO ACHIEVE COMPETITIVE WORKPLACES AND WORKERS.

6.2 RECOMMENDATIONS

THERE ARE MANY ACTIONS THAT CAN BE TAKEN TO ACCOMPLISH THIS VISION. THE FOLLOWING RECOMMENDATIONS PRIMARILY HIGHLIGHT THE ROLE OF THE FEDERAL GOVERNMENT.

6.2.1 SYSTEMIC REFORM. THE FEDERAL GOVERNMENT SHOULD:

- INTEGRATE EXISTING FEDERAL RESOURCES (PLANNING PROCESSES, DEFINITIONS, AND REPORTING REQUIREMENTS) AND AFFORD STATES GREATER FLEXIBILITY AND AUTHORITY (WAIVERS OR GRANT CONSOLIDATION) TO STREAMLINE WORKFORCE DEVELOPMENT PROGRAMS AND CUSTOMIZE THOSE PROGRAMS TO BE LOCALLY RESPONSIVE;
- MAINTAIN THE COMMITMENT TO DISADVANTAGED WORKERS WHILE FOCUSING SUPPORT AND RESOURCES TOWARD THE DEVELOPMENT OF A COMPREHENSIVE WORKFORCE DEVELOPMENT SYSTEM;
- LAUNCH AN INITIATIVE WITH MEMBERS FROM THE PUBLIC AND PRIVATE SECTORS TO DEVELOP A NATIONAL STRATEGY THAT PROMOTES HIGH-QUALITY, WELL-INTEGRATED WORKFORCE AND ECONOMIC DEVELOPMENT SYSTEMS AT THE STATE AND LOCAL LEVELS;

- INCREASE THE ABILITY OF FEDERAL WORKFORCE DEVELOPMENT RESOURCES TO BE ACCOUNTABLY COORDINATED WITH STATES' ECONOMIC DEVELOPMENT STRATEGIES;
- PROVIDE CAPACITY-BUILDING GRANTS TO STATES AND HELP THEM EVALUATE APPROACHES, SHARE INFORMATION, AND DEVELOP SOURCES OF PRACTICAL LABOR MARKET INFORMATION; AND
- PROMOTE HIGH-PERFORMANCE WORKPLACES AND SEEK WAYS TO INCREASE PRIVATE SECTOR INVESTMENT IN WORKFORCE DEVELOPMENT.

6.2.2 SKILL STANDARDS. THE FEDERAL GOVERNMENT SHOULD:

- CREATE AND SUPPORT A NATIONAL SKILL STANDARDS BOARD, LED BY THE PRIVATE SECTOR, TO DEVELOP AND IMPLEMENT A COMPREHENSIVE NATIONAL VOLUNTARY SYSTEM OF CONTINUOUSLY UPDATED SKILL STANDARDS AND CREDENTIALS; AND
- ENSURE THAT THIS SYSTEM IS FOCUSED ON THE SKILLS NEEDED TO BE COMPETITIVE IN THE CURRENT AND FUTURE WORLD ECONOMY AND THAT IT PROVIDES ENTRY AND ADVANCED LEVELS OF CERTIFICATION AND PORTABLE CREDENTIALS.

6.2.3 PREPARATION OF YOUTH FOR WORK. STATE WORKFORCE DEVELOPMENT PROGRAMS SHOULD:

- ENABLE ALL YOUNG PEOPLE, IN AND OUT OF SCHOOL, TO HAVE AN OPPORTUNITY TO OBTAIN THE KNOWLEDGE, SKILLS, AND EXPERIENCE NEEDED TO ENTER AND SUCCEED IN THE WORKPLACE. THESE OPPORTUNITIES MAY INCLUDE APPLIED LEARNING, WORK-BASED LEARNING, CAREER COUNSELING, AND ASSESSMENT SERVICES; AND
- ACTIVELY INVOLVE THE PRIVATE SECTOR AND THE COMMUNITY IN PROGRAM DESIGN AND IMPLEMENTATION, AWARD BROADLY RECOGNIZED CERTIFICATES BASED ON STATE AND NATIONAL EDUCATION AND INDUSTRY-BASED SKILL STANDARDS, AND HELP GRADUATES OBTAIN EMPLOYMENT IN THE FIELD FOR WHICH THEY ARE TRAINED OR OBTAIN FURTHER EDUCATION OR TRAINING.

THE FEDERAL GOVERNMENT SHOULD:

- PROVIDE FLEXIBILITY AND INCENTIVES WITHIN FEDERAL PROGRAMS AND PROVIDE ASSISTANCE TO STATES FOR CAPACITY BUILDING;
- EXPAND AND PROMOTE RESOURCES FOR TECHNICAL PREPARATION (TECH PREP), CAREER ACADEMIES, JOB CORPS, AND OTHER DEMONSTRABLY SUCCESSFUL PROGRAMS; AND
- ASSIST STATES IN EVALUATING THE EFFECTIVENESS OF VARIOUS APPROACHES AND SUPPORT TECHNICAL ASSISTANCE TO ENSURE MORE WIDESPREAD ADOPTION OF EFFECTIVE PROGRAMS.

6.2.4 WORKER TRAINING AND RETRAINING. THE FEDERAL GOVERNMENT SHOULD:

- CONSOLIDATE AND INCREASE THE ADMINISTRATIVE FLEXIBILITY OF DISLOCATED WORKER SERVICES PROGRAMS, DIRECT THE BULK OF PROGRAM FUNDS TO THE STATES BY FORMULA, AND PROMOTE EARLY INTERVENTION, SUBSTATE SERVICE DELIVERY, AND INVOLVEMENT OF LABOR AND MANAGEMENT;
- ALLOW DISCRETIONARY FEDERAL FUNDS TO BE FLEXIBLY APPLIED SO THEY CAN SUPPORT A WIDE RANGE OF SERVICES FOR A WIDE RANGE OF DISLOCATION EVENTS, AND PERMIT EXPEDITED DISPERSAL OF FUNDS;
- IMPROVE WORKER DISLOCATION AND LAYOFF DATA TO USE IN DISTRIBUTING FUNDS TO STATES;
- AMEND CURRENT LAW SO DISLOCATED WORKERS ARE ELIGIBLE FOR SKILL ENHANCEMENT IN CURRENT OCCUPATIONS;
- GRANT STATES THE AUTHORITY TO SERVE ALL WORKERS AFFECTED BY LAYOFFS THAT HAVE A SEVERE LOCAL ECONOMIC IMPACT;
- ASSIST STATES IN REORIENTING MANAGEMENT INFORMATION AND REPORTING SYSTEMS TO ENSURE A QUALITY RESPONSE TO EACH LAYOFF;
- RETAIN STATE DISCRETION OVER THE DURATION AND AMOUNT OF RETRAINING ASSISTANCE PROVIDED TO INDIVIDUAL PARTICIPANTS; AND
- MINIMIZE FLUCTUATION IN STATE ALLOTMENTS AND ENSURE THAT ALL STATES RECEIVE SUFFICIENT FUNDING TO ADEQUATELY ADMINISTER PROGRAMS.

Time limited (effective August 1993-August 1995).

HR-7. ELEMENTARY AND SECONDARY EDUCATION

7.1 PREAMBLE

THE STATES CONTINUE TO LEAD AMERICA'S EFFORT TO STRENGTHEN ITS SCHOOLS. GOVERNORS HAVE DEVELOPED AND BEGUN TO IMPLEMENT COMPREHENSIVE EDUCATION INITIATIVES THAT ARE DESIGNED TO REFORM THE ENTIRE EDUCATION SYSTEM AND THE OTHER ENTITIES SUPPORTING IT. THEY HAVE FOCUSED REFORM EFFORTS ON LOCAL SCHOOLS AND COMMUNITIES. WITH THE EMPHASIS ON IMPROVED OUTCOMES IN STUDENT LEARNING, STATES ARE PRESSING FOR RESULTS.

THE GOVERNORS ARE ASSUMING THIS LEADERSHIP ROLE TO IMPROVE THE KNOWLEDGE AND SKILLS OF ALL CITIZENS. THROUGHOUT THE PREVIOUS DECADE, THE CONTEXT IN WHICH THE EDUCATION SYSTEM IS VIEWED BECAME MORE INTERNATIONAL IN SCOPE. IT IS CLEAR THAT THE ABILITY OF THIS NATION AND ITS FIFTY-FIVE STATES, COMMONWEALTHS, AND TERRITORIES TO COMPETE IN A GLOBAL ECONOMY IS CLOSELY TIED TO ITS ABILITY TO PERFORM IN A GLOBAL MARKETPLACE. CONSEQUENTLY, ATTENTION HAS TURNED TOWARD THE ACHIEVEMENT OF THE SIX NATIONAL EDUCATION GOALS. THE ACHIEVEMENT OF THESE GOALS WILL ENSURE THAT U.S. CITIZENS ARE AS KNOWLEDGEABLE, COMPETENT, WELL-TRAINED, AND INVENTIVE AS CITIZENS OF ANY NATION, AND WILL ENSURE THAT THE U.S. EDUCATION SYSTEM IS WORLD CLASS. THE GOVERNORS REMAIN COMMITTED TO THE ACHIEVEMENT OF THESE GOALS. THEY ALSO ARE COMMITTED TO THE BOLD, NEW CONSENSUS THAT THESE GOALS REPRESENT BY LAYING OUT COHERENT NATIONAL EXPECTATIONS FOR THE IMPROVEMENT OF THE EDUCATION SYSTEM AT ALL LEVELS -- FROM PRESCHOOL THROUGH LIFELONG LEARNING -- FOR ALL STUDENTS.

STATES ARE MANY YEARS INTO THE WORK OF SCHOOL IMPROVEMENT. ALTHOUGH MOST STATES HAVE EMBRACED THE NATIONAL EDUCATION GOALS, OTHER STATES HAVE ADAPTED THESE GOALS OR CREATED NEW ONES. DURING THE PAST DECADE, THEY HAVE SET GRADUATION STANDARDS FOR STUDENTS AND INCREASED FUNDING TO HELP STUDENTS REACH THOSE STANDARDS. THEY HAVE MODIFIED THEIR GOVERNANCE STRUCTURES AND ENCOURAGED SCHOOL DISTRICTS TO DO THE SAME. THEY HAVE DEVELOPED AND ADOPTED CURRICULUM FRAMEWORKS TO BUILD CONSENSUS AROUND THE ISSUE OF

STUDENT PERFORMANCE. THEY HAVE DEVELOPED NEW ASSESSMENT SYSTEMS TO INFORM PARENTS AND TEACHERS ON HOW WELL A STUDENT AND/OR A SCHOOL SYSTEM IS DOING. THEY CONTINUE TO MONITOR THE PERFORMANCE OF SCHOOL DISTRICTS AND PROVIDE TECHNICAL ASSISTANCE WHERE NEEDED. IN ADDITION, STATES HAVE BEGUN TO REDESIGN THEIR OTHER HUMAN RESOURCE DEVELOPMENT SYSTEMS TO PROVIDE SUPPORT FOR STUDENTS AND THEIR FAMILIES. UNDER THE LEADERSHIP OF THE GOVERNOR, COLLEGES AND UNIVERSITIES, BUSINESSES, AND HEALTH AND SOCIAL SERVICE AGENCIES HAVE FORGED NEW PARTNERSHIPS WITH THE PUBLIC SCHOOL SYSTEMS IN MANY STATES.

STATES BEAR THE MAJOR RESPONSIBILITY FOR ACHIEVING THE NATIONAL EDUCATION GOALS. ELEMENTARY, SECONDARY, AND HIGHER EDUCATION CONSTITUTE THE LARGEST SINGLE ITEM IN STATE BUDGETS. STATES ESTABLISH THE FRAMEWORK WITHIN WHICH LOCAL DISTRICTS AND SCHOOLS FUNCTION. STATES ARE ENGAGED IN EFFORTS TO IMPROVE THE EDUCATION SYSTEM, BUT THEY ALSO RESPECT THE NEED FOR LOCAL INVOLVEMENT AND OPERATE UNDER THE SAME INADEQUATE SYSTEM. EACH STATE ALSO IS CHALLENGED TO HELP EDUCATORS AND CITIZENS UNDERSTAND THE NEED FOR HIGHER STANDARDS, THE MEANING OF SUCH STANDARDS, AND THE WAYS THAT TEACHING AND LEARNING MUST CHANGE TO MEET THE STANDARDS.

GOVERNORS BELIEVE THAT PARENTS HAVE A SPECIAL ROLE IN HELPING ALL STUDENTS MEET THE HIGH STANDARDS THAT WILL ENSURE THE ACHIEVEMENT OF THE NATIONAL EDUCATION GOALS. AS A CHILD'S FIRST TEACHERS, PARENTS SET THE EXPECTATIONS AND PROVIDE THE SUPPORT ESSENTIAL TO STUDENT ACHIEVEMENT. SUCH EFFORTS WILL SUPPORT OVERALL SCHOOL REFORM INITIATIVES WITHIN A COMMUNITY.

THE GOVERNORS RECOGNIZE THE SUPPORTING ROLE THAT THE FEDERAL GOVERNMENT HAS PLAYED IN EDUCATION, PRIMARILY IN PROVIDING EXTRA AND ESSENTIAL HELP FOR THOSE STUDENTS MOST IN NEED; STIMULATING SYSTEMIC EDUCATION REFORM AND IMPROVED LEARNING THROUGH RESEARCH, DEMONSTRATION PROGRAMS, AND DISSEMINATION OF INFORMATION ON "BEST PRACTICES"; TRAINING EDUCATION PROFESSIONALS; AND SUPPORTING THE DEVELOPMENT OF CONTENT STANDARDS IN MATHEMATICS, SCIENCE, ENGLISH, HISTORY, AND GEOGRAPHY. THE

GOVERNORS BELIEVE THAT THESE AND FUTURE FEDERAL EFFORTS SHOULD SUPPORT ACTIVITIES AT THE STATE AND LOCAL LEVELS.

7.2 PRINCIPLES FOR RENEWING THE FEDERAL COMMITMENT

BASED ON THE EXPERIENCES AND ASPIRATIONS FOR REFORM AT THE STATE AND LOCAL LEVELS, THE GOVERNORS URGE CONGRESS TO CONSIDER THE FOLLOWING PRINCIPLES AS IT RENEWS THE FEDERAL COMMITMENT TO THE AMERICAN SYSTEM OF ELEMENTARY AND SECONDARY EDUCATION.

7.2.1 CONTINUE SUPPORT FOR THE GROWING CONSENSUS ON WHAT NEEDS TO BE DONE TO CREATE A HIGH-PERFORMANCE EDUCATION SYSTEM. IN ITS REPORT, RAISING STANDARDS FOR AMERICAN EDUCATION, THE NATIONAL COUNCIL ON EDUCATION STANDARDS AND TESTING (NCEST) LAYS OUT A FRAMEWORK FOR EDUCATION REFORM THAT INCLUDES VOLUNTARY NATIONAL CONTENT AND STUDENT PERFORMANCE STANDARDS; A SYSTEM OF ASSESSMENTS THAT REFLECTS THOSE CONTENT STANDARDS; VOLUNTARY SCHOOL DELIVERY STANDARDS DEVELOPED AND IMPLEMENTED BY STATES; AND SYSTEM PERFORMANCE STANDARDS. ALL OF THE STANDARDS SHOULD BE VOLUNTARY, DYNAMIC, AND SET WITH THE HIGHEST EXPECTATIONS. THE STANDARDS SHOULD PROVIDE A NATIONAL FOCUS AND DIRECTION, NOT A NATIONAL CURRICULUM. THE NATIONAL GOVERNORS' ASSOCIATION ENDORSES THE WORK OF NCEST AND BELIEVES THAT ANY FEDERAL INITIATIVES IN EDUCATION SHOULD SUPPORT THESE RECOMMENDATIONS.

7.2.2 BEGIN WITH THE PREMISE THAT EXPECTATIONS MUST BE RAISED FOR ALL STUDENTS. ALL STUDENTS CAN LEARN AT HIGHER LEVELS IF THEY ARE GIVEN A FAIR OPPORTUNITY, THE RIGHT INCENTIVES, AND A PRODUCTIVE LEARNING ENVIRONMENT TO DO SO. GREATER FLEXIBILITY MUST BE AFFORDED STATES AND LOCALITIES TO ENSURE THAT EDUCATION OFFICIALS HAVE SUBSTANTIAL DISCRETION TO DESIGN PROGRAMS TO HELP ALL STUDENTS ACHIEVE AT HIGHER LEVELS. BY ENSURING THAT LOCAL, STATE, AND FEDERAL EFFORTS FOCUS ON IMPROVING STUDENT PERFORMANCE AND SYSTEM OUTCOMES, ALL PARTS OF THE EDUCATION SYSTEM CAN BE ENCOURAGED TO SUPPORT HIGHER STUDENT ACHIEVEMENT FOR ALL.

7.2.3 SUPPORT THE STATE FOCUS ON SCHOOLS. EXPERIENCE AND RESEARCH JUSTIFY THE STATE CONCENTRATION ON SCHOOL-LEVEL AND SCHOOLWIDE IMPROVEMENTS. FEDERAL EDUCATION PROGRAMS SHOULD BE DESIGNED TO ENCOURAGE STATES, DISTRICTS, AND SCHOOLS TO COORDINATE AND

INTEGRATE FEDERAL FUNDS IN ORDER TO SUPPORT SCHOOLWIDE EFFORTS TO IMPROVE TEACHING AND LEARNING. STATES SHOULD BE ALLOWED TO USE FEDERAL FUNDS TO SUPPORT REASONABLE EXPERIMENTATION ON THE PART OF SCHOOLS AND DISTRICTS. MOREOVER, STATES SHOULD HAVE THE RESPONSIBILITY FOR ENFORCING ACCOUNTABILITY, INCLUDING ESTABLISHING CLEAR PENALTIES IN CASES OF SUSTAINED FAILURE TO IMPROVE STUDENT PERFORMANCE.

7.2.4 HELP STATES CONCENTRATE ON THE SCHOOLS WITH THE GREATEST NEED. GOVERNORS RECOGNIZE THE LINK BETWEEN POVERTY AND LOW EDUCATIONAL ACHIEVEMENT AND THEY WANT TO ACT. IN SCHOOLS WITH THE HIGHEST PROPORTIONS OF STUDENTS FROM POOR FAMILIES, EVERYONE IS LIKELY TO ACHIEVE LESS. LARGE PROPORTIONS OF STUDENTS FROM POOR FAMILIES DO NOT RECEIVE ANY FEDERAL EDUCATION SUPPORT. FEDERAL FUNDS SHOULD BE CONCENTRATED ON THESE STUDENTS. SUCH SUPPORT IS ESSENTIAL IF THE NATION IS TRULY COMMITTED TO THE BELIEF THAT ALL STUDENTS CAN ACHIEVE AT HIGHER LEVELS.

7.2.5 HELP STATES REWARD PERFORMANCE. THE GOVERNORS WANT TO PROVIDE INCENTIVES TO SCHOOLS AND DISTRICTS THAT INCREASE STUDENT ACHIEVEMENT. FEDERAL FUNDS SHOULD BE AVAILABLE FOR THIS PURPOSE, BUT SCHOOLS THAT IMPROVE PERFORMANCE SHOULD NOT BE PENALIZED BY THE WITHDRAWAL OF SUPPORT AT THE FIRST SIGN OF ACHIEVEMENT.

7.2.6 LET PARENTS BE TEACHERS. GOVERNORS RECOGNIZE THAT THERE ARE THINGS THAT PARENTS CAN DO -- INDEED MUST DO -- FOR CHILDREN TO REACH THEIR POTENTIAL. FEDERAL FUNDS SHOULD BE USED TO ENCOURAGE AND ENABLE PARENTS TO SUPPORT THE WORK OF SCHOOLS. FEDERAL FUNDS SHOULD BE USED TO PROMOTE COLLABORATION WITH OTHER PROGRAMS AND AGENCIES THAT SUPPORT SUCH WORK.

7.2.7 SUPPORT STATE EFFORTS TO BUILD THE CAPACITY TO IMPLEMENT SYSTEMIC REFORM. SYSTEMIC REFORM REQUIRES TEACHERS, ADMINISTRATORS, AND STUDENTS TO TAKE ON NEW ROLES AND RESPONSIBILITIES. TEACHERS NEED TIME TO LEARN NEW WAYS OF TEACHING THAT IMPROVE STUDENT PERFORMANCE. ADMINISTRATORS NEED A NEW VISION OF LEADERSHIP THAT INCLUDES EFFECTIVE TEAMWORK. AT THE POSTSECONDARY LEVEL, STATES ARE RETHINKING HOW INSTITUTIONS SHOULD PREPARE AND PROVIDE ONGOING

SUPPORT FOR SCHOOL PROFESSIONALS. FEDERAL PROGRAMS SHOULD SUPPORT AND COMPLEMENT SUCH EFFORTS.

7.2.8 PROVIDE STATES WITH THE FLEXIBILITY TO EXPERIMENT AND BUILD ON REFORM EFFORTS. AS STATES WORK TO RESTRUCTURE THEIR AGENCIES AND GOVERNANCE SYSTEMS, FEDERAL EDUCATION PROGRAMS NEED TO BE MODIFIED TO ENSURE A CONSISTENT MESSAGE FROM TOP TO BOTTOM IN THE EDUCATION SYSTEM. THESE PROGRAMS SHOULD INCLUDE OPPORTUNITIES FOR STATE WAIVERS IN EXCHANGE FOR GREATER ACCOUNTABILITY FOR RESULTS. GIVEN THAT STATES ARE STILL LEARNING ABOUT SYSTEMIC REFORM, THEY SHOULD BE GIVEN THE MEANS TO MAKE MID-COURSE CORRECTIONS BASED ON THEIR IMPLEMENTATION EXPERIENCES.

7.2.9 STRENGTHEN THE FEDERAL COMMITMENT TO RESEARCH AND TO INFORMATION COLLECTION AND DISSEMINATION. THE FEDERAL GOVERNMENT IS UNIQUELY POSITIONED TO COLLECT AND DISSEMINATE EDUCATION STATISTICS, INFORMATION ON BEST PRACTICES, AND INDICATIONS OF STUDENT ACHIEVEMENT, ESPECIALLY COMPARATIVE STATE DATA. THE FEDERAL GOVERNMENT AND THE STATES MUST WORK TOGETHER TO MORE CAREFULLY COORDINATE SUCH DATA COLLECTION, ANALYSIS, AND DISSEMINATION.

7.2.10 ENHANCE THE USE OF NEW TECHNOLOGIES IN THE CLASSROOM. THE EFFORTS OF FEDERAL AGENCIES SHOULD BE COORDINATED TO SUPPORT MORE RESEARCH AND DEMONSTRATIONS ON THE USE OF TECHNOLOGIES, AND THE FEDERAL GOVERNMENT SHOULD SHARE THE FINDINGS WITH STATES. STATES, IN TURN, SHOULD HELP SCHOOL DISTRICTS PROVIDE ALL STUDENTS WITH CLASSROOM OPPORTUNITIES TO USE NEW TECHNOLOGIES. EVERY EFFORT SHOULD BE MADE TO INTEGRATE TECHNOLOGY INTO THE CURRICULUM AS A TOOL FOR INFORMATION PROCESSING AND PROBLEMSOLVING AND AS A MEANS TO HELP ALL STUDENTS ACHIEVE HIGH STANDARDS.

7.2.11 ENCOURAGE EXAMINATION OF CHARTER, CHOICE, AND MAGNET SCHOOLS. THE DEPARTMENT OF EDUCATION SHOULD SUPPORT STATE AND LOCAL EXAMINATION OF CHARTER, CHOICE, AND MAGNET SCHOOLS WITHIN THE PUBLIC SCHOOL SYSTEM, CONSISTENT WITH STATE DESEGREGATION GOALS AND THE STATE'S EDUCATION POLICY. THE GOVERNORS BELIEVE THAT IN SOME LOCALITIES THESE EFFORTS HAVE SHOWN PROMISE IN INCREASING EDUCATIONAL PERFORMANCE, STUDENT ACHIEVEMENT, AND FAMILY EMPOWERMENT. THE DEPARTMENT OF EDUCATION SHOULD PROVIDE

APPROPRIATE TECHNICAL ASSISTANCE, EVALUATION, AND INFORMATION SERVICES.

7.2.12 SUPPORT STATE EFFORTS TO PROVIDE STUDENTS AND THEIR FAMILIES WITH COORDINATED HUMAN SERVICES. POOR HEALTH AND LIMITED ACCESS TO SOCIAL SERVICES OFTEN PREVENT DISADVANTAGED STUDENTS FROM LEARNING. MANY STATES HAVE REALIGNED THEIR HUMAN SERVICES DELIVERY SYSTEMS TO ENSURE THAT YOUNG CHILDREN COME TO SCHOOL READY TO LEARN AND THAT THE HEALTH AND EMOTIONAL NEEDS OF THESE CHILDREN ARE BEING MET SO THAT THEY CAN FOCUS ON LEARNING. FEDERAL EDUCATION PROGRAMS, INCLUDING OPPORTUNITIES FOR WAIVERS FROM EXISTING REGULATIONS, SHOULD SUPPORT SUCH EFFORTS WHENEVER POSSIBLE.

7.2.13 DRUG-FREE SCHOOLS AND COMMUNITIES. STATES HAVE USED FEDERAL DRUG FREE SCHOOLS AND COMMUNITIES ACT (DFSCA) FUNDS FOR DIVERSE PREVENTION EFFORTS, AND IT IS ESSENTIAL THAT BOTH THE GOVERNOR'S PORTION AND THE STATE EDUCATIONAL AGENCY'S (SEA) PORTION OF FUNDS BE MAINTAINED. GOVERNORS AND SEAS MUST BE PROVIDED CONTINUED FLEXIBILITY TO DETERMINE FOR THEMSELVES HOW BEST TO ADMINISTER AND COORDINATE ALL DFSCA FUND ADMINISTRATION IN THEIR STATE. TO FOSTER COOPERATION AND COORDINATION OF DRUG EDUCATION AND PREVENTION EFFORTS, STATES MUST BE ALLOWED TO ENTER INTO COOPERATIVE AGREEMENTS IN WHICH THE SEA AND GOVERNOR MAY DESIGNATE THE ADMINISTRATIVE AGENCY OF THEIR CHOICE TO ADMINISTER THE GOVERNOR'S PORTION, THE SEA PORTION, OR BOTH PORTIONS, WHILE THE SEA AND GOVERNOR MAINTAIN ULTIMATE RESPONSIBILITY FOR THEIR FUND ALLOCATION.

~~2.3~~ Elementary and Secondary Education

~~2.3.1~~ Preface. The states now lead America's effort to strengthen the schools. Governors have defined comprehensive education reforms. With the legislatures, they are acting on these plans and investing large sums. They have focused attention on the local schools. And they are pressing for results.

~~The Governors are doing this to increase the skills and knowledge of all citizens. They know that education is the one really basic industry that we have, and that all else rests upon it. They know that education supports jobs, democratic institutions, and the quality of our lives both individually and together. They also know that all Americans must become far better educated than they are to meet the economic and political challenges of the future both here and abroad.~~

~~States increased their financial support for public elementary and secondary education by \$27 billion or 56 percent between 1980 and 1986. They set graduation standards for students and created~~

major aid programs to help students meet those standards. They recruited more qualified teachers through higher salaries, better training, and demanding entry standards. They monitor the performance of school districts, and require corrective action when it is needed.

The states are many years into this work, and yet the high level of commitment continues. States are rethinking the way schools work and are encouraging high performance. They are finding ways to tap local energy for renewing the schools. They are considering how to support more effective, more collaborative working relationships between teachers and principals. Some are considering direct state intervention in cases of intractable school failure.

Governors recognize the historical role of the federal government in guaranteeing access to education, providing services to special populations, conducting research and development, and preparing the workforce. Federal efforts should support ongoing state efforts. The Governors urge the Congress to consider the following principles as they renew the vital federal commitment to American elementary and secondary education:

- 2.3.2 **Respect the State's Responsibility to Set High Standards and Follow Through.** Governors have set high standards of student performance. Over time, we will raise them. We want to give state and local education authorities substantial discretion in designing programs to help all students meet those standards, and we intend to watch the results. Federal funds are limited and should support this approach.
- 2.3.3 **Support the State Focus on Schools.** Research justifies the state concentration on school wide improvements. Encourage states, schools, and districts to coordinate and integrate federal program funds to support reasonable schoolwide strategies. Encourage our efforts to redefine the organization of the school for better performance. Let us use federal funds to back reasonable experimentation on the part of the schools and districts and enforce accountability, including clear penalties in cases of a sustained pattern of failure to improve student achievement.
- 2.3.4 **Help Us Concentrate on Schools with the Greatest Need.** Governors recognize that long-term poverty and low education achievement are linked and we want to act. In schools with high proportions of students from poor families, everyone is likely to achieve less. Large proportions of poor and low achieving students do not receive any federal education support. Let us concentrate federal funds on the education of these children.
- 2.3.5 **Help Us Reward Performance.** Governors want to provide incentives to schools and districts that increase student achievement. Provide federal funds for this purpose too, and don't penalize high performing schools by immediate withdrawal of federal funds.
- 2.3.6 **Let Parents be Teachers, Too.** Governors recognize that there are things that parents can do—indeed, must do—for children to reach their potential. They include reading to the children, limiting television, and insisting on homework. Let federal funds be used to encourage and enable parents to support the work of the school. Let federal funds encourage collaboration with other agencies that can also support that work.
- 2.3.7 **Strengthen the Federal Commitment to Research, and Information Collection and Dissemination.** The federal government is unique in the collection and dissemination of education statistics and indications of student achievement. That role needs to be strengthened in cooperation with the states.
- 2.3.8 **Enhance the Use of New Technologies in the Classroom.** The federal government should coordinate its own efforts across departmental lines in supporting more research and demonstrations in the use of technologies and should share this information with the states. States in turn should help school districts provide all students classroom opportunities to become computer literate. Basic competency should include the ability to use word processing, a database, and spreadsheet. Every effort should be made to integrate computer learning into the curriculum as a tool for information processing and problem solving.
- 2.3.9 **American Studies.** In accordance with Congress and the administration, the National Governors' Association encourages state and local governments and local education agencies to include among the requirements for secondary school graduation a thorough understanding and knowledge of the Declaration of Independence, the United States Constitution, and the *Federalist Papers*.
- 2.3.10 **Choice and Magnet Schools.** Encourage the Department of Education to support state and local examination of choice and magnet schools in the public school system, consistent with desegregation goals and the state's education policy. The Governors believe that these efforts have shown promise in some localities in increasing educational excellence, student achievement, and the empowerment of families. The Department of Education should provide appropriate technical assistance, evaluation, and information services.

Time limited (effective August 1993-August 1995).

HR-8. FAIR LABOR STANDARDS ACT OVERTIME PAY

8.1 PREAMBLE

RECENT FEDERAL COURT INTERPRETATIONS REGARDING THE APPLICATION OF THE FAIR LABOR STANDARDS ACT (FLSA) REGULATIONS TO PUBLIC EMPLOYERS HAVE RAISED SEVERAL ISSUES OF GREAT CONCERN TO GOVERNORS. THESE COURT DECISIONS HAVE RESULTED IN HUGE AWARDS OF BACK OVERTIME PAY TO EXECUTIVE, PROFESSIONAL, AND ADMINISTRATIVE PUBLIC EMPLOYEES EARNING ANNUAL SALARIES OF BETWEEN \$40,000 AND \$90,000. DOZENS OF SUITS AGAINST STATE AND LOCAL GOVERNMENTS HAVE BEEN DECIDED ACROSS THE NATION AND SCORES MORE ARE PENDING. THE EXISTING LIABILITY IS IN THE HUNDREDS OF MILLIONS OF DOLLARS, WHILE THE POTENTIAL LIABILITY FOR STATES AND LOCALITIES COULD MEAN FISCAL DISASTER.

THE GOVERNORS BELIEVE THAT UNDER FLSA AND THE CORRESPONDING REGULATIONS, EXECUTIVE, PROFESSIONAL, AND ADMINISTRATIVE EMPLOYEES WERE INTENDED TO BE EXEMPT FROM THE TIME-AND-A-HALF OVERTIME PAY REQUIREMENTS. HOWEVER, THESE REGULATIONS WERE DRAFTED ALMOST FIFTY YEARS AGO WITH MANUFACTURING WORKERS IN MIND, LONG BEFORE FLSA APPLIED TO PUBLIC SECTOR EMPLOYEES. THESE REGULATIONS WERE NOT REVISED UPON FLSA'S APPLICATION TO STATE AND LOCAL GOVERNMENTS IN 1985, EVEN THOUGH THE U.S. DEPARTMENT OF LABOR ACKNOWLEDGED THE NEED FOR SUCH REVISION.

THE APPLICATION OF THESE FLSA REGULATIONS TO PUBLIC SECTOR EMPLOYERS IS WHOLLY INAPPROPRIATE AND PLACES AN ENTIRELY UNANTICIPATED AND UNACCEPTABLE BURDEN ON STATE AND LOCAL GOVERNMENTS AT A TIME WHEN THEY CAN LEAST AFFORD IT. THE COURTS HAVE RULED THAT ANY FORM OF ACCOUNTABILITY FOR TIME SPENT ON THE JOB IS A VIOLATION OF FLSA REGULATIONS AND THEREFORE PREVENTS ANY EXEMPTION FROM THE ACT'S OVERTIME PAY REQUIREMENTS. THIS NOTION IS ANTITHETICAL TO THE NEED FOR GOVERNMENT TO BE ACCOUNTABLE TO ITS TAXPAYERS FOR THE EXPENDITURE OF PUBLIC FUNDS.

8.2 RECOMMENDATIONS

THE GOVERNORS URGE THE FEDERAL GOVERNMENT TO ACT IMMEDIATELY TO RESOLVE THE CRISIS THAT HAS ARISEN BECAUSE OF THE MISAPPLICATION OF FLSA REGULATIONS TO PUBLIC SECTOR EMPLOYERS. THE GOVERNORS BELIEVE THAT THE FEDERAL GOVERNMENT SHOULD TAKE THE FOLLOWING STEPS.

- THE DEPARTMENT OF LABOR SHOULD, WITHOUT DELAY, ABOLISH THE "SALARY BASIS" REGULATION AND REPLACE IT WITH AN ALTERNATIVE APPROACH THAT MORE EFFECTIVELY ADDRESSES PUBLIC SECTOR EMPLOYMENT. THE DEPARTMENT ALSO SHOULD REVISE THE "DUTIES TEST" REGULATIONS.
- CONGRESS SHOULD IMMEDIATELY PASS LEGISLATION THAT WOULD ELIMINATE RETROACTIVELY THE LIABILITY THAT HAS THUS FAR ACCRUED TO STATE AND LOCAL GOVERNMENTS AS A RESULT OF FLSA REGULATIONS.

Time limited (effective August 1993-August 1995).

HR-9. SCHOOL-LINKED INTEGRATED CHILDREN AND YOUTH SUPPORT SERVICES

9.1 PREAMBLE

INCREASINGLY, AMERICAN CHILDREN AND YOUTH ARE GOING TO SCHOOL POOR, HUNGRY, ABUSED, EMOTIONALLY DISTURBED, AND IN POOR HEALTH. A WIDE RANGE OF SCHOOL-COORDINATED HEALTH, MENTAL HEALTH, AND DEVELOPMENTAL SERVICES CAN MEAN THE DIFFERENCE BETWEEN SUCCESS AND FAILURE IN SCHOOL FOR AT-RISK STUDENT POPULATIONS. MANY STATES AND LOCALITIES HAVE BEGUN TO APPROACH THE PROBLEMS OF AT-RISK CHILDREN AND YOUTH THROUGH THE DEVELOPMENT OF COMPREHENSIVE INTEGRATED SERVICE PROGRAMS LINKED TO THE SCHOOL SYSTEM. THESE PROGRAMS ARE ABLE TO MEET THE DEVELOPMENTAL NEEDS OF CHILDREN AND YOUTH BY WORKING WITH A COORDINATED GROUP OF SERVICE PROVIDERS, INCLUDING EDUCATORS, HEALTH CARE PROVIDERS, SOCIAL SERVICE WORKERS, LAW ENFORCEMENT AND HOUSING OFFICIALS, COUNSELORS, AND PARENTS. THIS WILL RESULT IN IMPROVED OUTCOMES FOR CHILDREN AND YOUTH IN OUR SCHOOLS.

9.2 FEDERAL ROLE

THE GOVERNORS RECOGNIZE THAT IT IS IN THE BEST INTEREST OF GOVERNMENT TO HELP CHILDREN AND YOUTH WHO ARE IN NEED BY STRENGTHENING THEIR FAMILIES AND THE COMMUNITIES IN WHICH THEY LIVE. THE FEDERAL GOVERNMENT SHOULD ASSIST STATES AND LOCALITIES IN THEIR EFFORTS TO CREATE COMPREHENSIVE DELIVERY SYSTEMS FOR CHILDREN AND YOUTH THROUGH THE SYSTEMIC INTEGRATION AND COORDINATION OF PREVENTIVE HEALTH AND SOCIAL SUPPORT SERVICES AT OR NEAR THE SCHOOL SITE. SPECIFICALLY, THE FEDERAL GOVERNMENT SHOULD:

- ENCOURAGE THE INTEGRATION AND COORDINATION OF FEDERAL PROGRAMS FOR CHILDREN AND YOUTH, INCLUDING THE CREATION OF A CLEARINGHOUSE ON SUCCESSFUL STATE AND LOCAL INTEGRATED SERVICE DELIVERY MODELS;
- ASSIST STATES AND LOCALITIES IN THEIR EFFORTS TO DESIGN FLEXIBLE, SITE-APPROPRIATE WAIVERS, STREAMLINED ELIGIBILITY FOR FEDERAL FINANCIAL SUPPORT FOR HEALTH AND OTHER RELATED SERVICES, AND TECHNICAL AND EVALUATION ASSISTANCE; AND

- ESTABLISH AN INCENTIVE GRANT PROGRAM FOR STATES AND LOCALITIES TO PLAN AND OPERATE INTEGRATED SERVICE DELIVERY, INCLUDING BUILDING STAFF CAPACITY.

9.3 STATE ROLE

STATES AND LOCALITIES CAN AND SHOULD PROVIDE LEADERSHIP IN ESTABLISHING COMPREHENSIVE, COMMUNITY-BASED NETWORKS THAT ARE DESIGNED TO MEET THE DEVELOPMENTAL NEEDS OF CHILDREN AND YOUTH. THESE SYSTEMS SHOULD BE OUTCOME-DRIVEN AND DEVELOPED THROUGH A COLLABORATIVE PROCESS INVOLVING ALL APPROPRIATE STAKEHOLDERS. STATES SHOULD BE ENCOURAGED TO DEVELOP AND MAINTAIN SUSTAINABLE PROGRAMS THAT ENSURE THE LONG-TERM SYSTEMIC REFORM NEEDED FOR SUCCESS.

Time limited (effective August 1993-August 1995).

RESOLUTION*

THE IMPACT OF IMMIGRATION ON STATE CORRECTIONS COSTS

CORRECTIONS COSTS REPRESENT AN EVER-INCREASING PERCENTAGE OF STATE AND LOCAL GOVERNMENT BUDGETS AT A TIME WHEN STATE BUDGETS ARE UNDER INCREASED PRESSURE. THIS IS PARTICULARLY TRUE FOR STATES AFFECTED BY ILLEGAL IMMIGRATION, WHICH ARE HAVING TO ACCOMMODATE LARGE NUMBERS OF UNDOCUMENTED ALIEN FELONS IN THEIR PRISON SYSTEMS.

BECAUSE IMMIGRATION AND REFUGEE POLICY IS UNDER THE SOLE JURISDICTION OF THE FEDERAL GOVERNMENT, THE NATION'S GOVERNORS CALL ON THE FEDERAL GOVERNMENT TO ASSUME THE COSTS ASSOCIATED WITH ILLEGAL IMMIGRATION. THESE COSTS ARE A NATIONAL RESPONSIBILITY, NOT A STATE RESPONSIBILITY.

A NUMBER OF POLICY OPTIONS EXIST TO RELIEVE STATE AND LOCAL GOVERNMENTS OF THE FISCAL BURDEN ASSOCIATED WITH THE INCARCERATION OF UNDOCUMENTED ALIEN FELONS. THESE OPTIONS INCLUDE, BUT ARE NOT LIMITED TO, ADEQUATELY FUNDING THE BORDER PATROL TO CURTAIL ILLEGAL IMMIGRATION; INCREASING FEDERAL PROSECUTION IN CASES OF REENTRY OF CRIMINAL ALIENS WHO HAVE BEEN PREVIOUSLY DEPORTED AND STIFFENING PENALTIES FOR SUCH CRIMES; INCARCERATING DEPORTABLE UNDOCUMENTED ALIENS CONVICTED OF STATE CRIMES IN FEDERAL PRISONS; STRENGTHENING PRISONER TRANSFER TREATIES; AND REIMBURSING STATE COSTS AS ALREADY AUTHORIZED UNDER SECTION 501 OF THE IMMIGRATION REFORM AND CONTROL ACT.

THE GOVERNORS URGE THE FEDERAL GOVERNMENT TO APPROPRIATE THE FUNDS AUTHORIZED UNDER SECTION 501 OF THE IMMIGRATION REFORM AND CONTROL ACT, AND TO ESTABLISH A FORMAL WORKING GROUP CONSISTING OF FEDERAL, STATE, AND LOCAL OFFICIALS, INCLUDING REPRESENTATIVES OF LAW ENFORCEMENT AND THE CORRECTIONS COMMUNITY, TO DEVELOP A NATIONAL STRATEGY TO ADDRESS THESE ISSUES.

* Based upon Policies HR-3 and B-7.

REAFFIRM

HR-10. COMMUNITY SERVICE

10.1 Preamble

Community service is an ideal that embodies one of our most valued American traditions: working together to help one another. The nation's Governors applaud the renewed interest in, and enthusiasm for, community service that is sweeping the country. We believe that opportunities for community service should be available to all of our citizens at every stage of life. Developing citizenship skills and social responsibility should be a major objective of our children's education, providing our young people with an ethic of civic service that can be carried into adulthood.

As Governors, we face enormous challenges in our communities. Programs that provide opportunities for citizens to perform service are unique because they benefit both the service provider and the service recipient. Volunteers are vital resources in solving some of our most difficult problems, and the service projects are needed and are of real value to the community. However, volunteer service cannot and should not replace existing jobs or government services.

All over the country, people are working together to meet many of our pressing social and environmental challenges. School and campus-based programs, full-time service and conservation corps, and part-time community programs are fulfilling basic needs such as rehabilitating housing for the poor, mentoring students in school, and providing in-home care to the elderly. It is the states, counties, schools, colleges, universities, and community-based organizations that are building the national network of community service. However, the time has come for national leadership to fortify this grassroots effort.

10.2 Principles

The nation's Governors support a national service program that encourages a variety of meaningful service opportunities, reflecting real needs of our communities, our states, and our country. The Governors stand ready to work toward a national program that is guided by the following principles.

- Promote a strong partnership among federal, state, and local governments, as well as with the volunteer and business communities, to emphasize the importance of community-wide involvement.
- Recognize the multitude of existing federal, state, and local programs and seek to expand and enhance their capabilities.
- Encourage creativity and diversity among service programs so that citizens of all ages have the opportunity to serve through elementary and secondary school programs, part-time college campus programs, full-time compensated programs, and part-time community-based programs. Assistance to enable individuals and programs to achieve their goals should be provided.

Based on these principles, the Governors offer the following recommendations.

10.2.1 Promote Federal-State-Local-Private-Nonprofit Partnership

- Independent Entity. Establish a program of national stature with a nationally recognized independent entity similar to the Corporation for Public Broadcasting or the Smithsonian Institution Trust that would receive federal as well as private funding. It should operate with maximum flexibility and minimum federal procedures or regulations.
- Central Focal Point. Make this independent entity the central focal point for state and local governments and for individuals and groups throughout the country actively engaged in service. As the major point of contact, the entity would collect and disseminate program information; promote service opportunities throughout the country in the public, private, and nonprofit sectors; provide technical assistance; and publicize exemplary individuals, programs, and organizations.
- Evaluation, Research, and Protection. Develop appropriate mechanisms and capacity for evaluation, monitoring, oversight, and research and ensure the nondisplacement of paid workers and adequate protection for the volunteer from abuse or liability.

10.2.2 Recognize Key State Role

- **State Role.** Recognize the key role states are playing in promoting and providing service opportunities, and provide states the flexibility to act as the primary facilitator of service programs to ensure coordination, public-private cooperation, and sustained resources.
- **Statewide Strategy.** Provide gubernatorial leadership to involve interested persons and organizations, including nonprofit and community-based organizations, the private sector, and others, in developing a statewide strategy reflecting the state's priorities for community service based on state and local needs and existing resources and programs.
- **Competitive Process.** Make funds available for states, through a competitive process that encourages innovative workable proposals, to leverage state-private-nonprofit resources, including in-kind contributions. Provide appropriate oversight and auditing of state and locally operated programs using federal funds. Funds for community service should supplement existing federal programs.
- **Public-Private Support.** Encourage states to develop public and private support for community service and to utilize funds from existing programs with objectives that are compatible with the principles of community service.

10.2.3 Include Critical Program Components

- **Variety of Opportunities.** Provide for all types of service opportunities, including full-time service corps and part-time volunteer activities for adults of all ages and for elementary and secondary school students, and develop citizenship skills through school-based volunteer programs. Keep programs open to individuals of all ages and skill levels and encourage diversity of participants within peer work groups.
- **Encouragement.** Encourage and enable individuals to participate in service activities with support such as credentialing, school credit, modest stipends, and public recognition to underscore the high value our nation places on community service.
- **Training.** Ensure proper training for program participants and supervisors and adequately prepare the community agencies and organizations that the participants will serve using existing resources and programs, when available and appropriate.
- **Service Learning.** Include job skills and work habits development, service learning, and remedial education, when appropriate for the participant, in the service program. Provide an opportunity for participants to reflect on what has been learned as a result of their service activities.

The Governors believe strongly in the value of community service in that it benefits both the service provider and the recipient. We want to provide all of our citizens with a variety of service opportunities that will allow them to contribute to their community throughout their lives.

Time limited (effective August 1993-August 1995).

Adopted August 1989 (formerly Policy C-21).

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1993 Annual Meeting

COMMITTEE ON NATURAL RESOURCES

Governor Michael Sullivan, Chairman
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Thomas W. Curtis, Group Director

Proposed Changes in Policy

NR-1.	A Comprehensive National Energy Policy	Page 3
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Reaffirm Existing Policy

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The Committee on Natural Resources recommends the consideration of two new policy positions, amendments to one existing policy position, and the reaffirmation of one existing policy position. Pursuant to the recommendations of the Strategic Review Task Force, these proposals are time limited to two years. Background information and fiscal impact data follow.

1. A Comprehensive National Energy Policy (Amendments to NR-1.)

The amendments update NGA's comprehensive energy policy to reflect passage of the Energy Policy Act of 1992. The policy suggests that the nation's energy strategy should be guided by the following principles: the prudent and efficient use of our energy resources and the pursuit of a long-term, least-cost energy strategy; the development of a diverse and flexible energy supply mix that provides for future needs and reflects security and reliability concerns; the careful consideration of environmental issues; sustained public and private investment in energy research and development; and a well-specified division of authority between states and the federal government.

2. Superfund (New Policy Position, NR-5.)

The proposed new policy makes recommendations on legislative changes to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), also known as Superfund. Key issues addressed by the policy include: streamlining the program; creating new state authority to voluntarily assume full management and enforcement responsibilities for cleanups at all hazardous waste sites in the state; and endorsing the current liability scheme under CERCLA, with recognition of the particular problems presented by municipal landfill sites.

The streamlining and state authorization recommendations could have a positive fiscal impact by allowing more efficient use of state resources in carrying out federal requirements for cleanups. However, the decision by a state to assume authority for the Superfund program could involve a larger commitment of state resources. Other recommendations within the policy with positive state fiscal impacts include a recommendation that the state match for Superfund cleanup at publicly operated sites be reduced to equal the match required for cleanup of private sites, that the state match on operation and maintenance expenses be clarified, and that federal Superfund monies be released to states for assessing natural resource damages.

2. Transportation Conformity with the Clean Air Act (New Policy Position, NR-6.)

This policy, which is jointly recommended by the Committee on Natural Resources and the Committee on Economic Development and Commerce, conveys recommendations to the Environmental Protection Agency (EPA) concerning rules for requiring that transportation projects conform to state clean air plans. Both the Clean Air Act and the Intermodal Surface Transportation Efficiency Act require that certain transportation projects be consistent with the state implementation plan for clean air. The policy includes the recommendations of the Governors that EPA not require conformity determinations for: transportation projects other than in nonattainment and maintenance areas (i.e., in areas that fail to meet federal clean air standards or that formerly failed to meet such standards and must now plan to maintain clean air standards); for nonfederally funded projects; and for projects formerly approved but not yet

completed. The policy also specifies that transportation plans must bear some share of emission reductions required by states before EPA approval of the state clean air plan.

An amendment may be developed by both committees regarding credit for reductions in air pollution resulting from changes in fuel and vehicle technologies.

The policy is not expected to carry a direct fiscal impact for state governments but questions of conformity may well determine the viability of specific transportation projects on the state's transportation improvement plan. However, since reducing the air pollution inventory is a "zero sum game," failure to fully control automotive pollutants will shift a greater burden onto stationary sources such as business and industry.

4. Reaffirm Existing Policy

The committee proposes the reaffirmation of the policy position "Research, Technology, and Innovation" (formerly G-3). The policy addresses the need for research and information dissemination regarding agricultural and biotechnology technologies.

NR-1. A COMPREHENSIVE NATIONAL ENERGY POLICY

1.1 Preamble

THE GOVERNORS APPLAUD THE FEDERAL GOVERNMENT FOR ITS PASSAGE OF THE ENERGY POLICY ACT OF 1992 AND OTHER LEGISLATION THAT ADDRESSES THIS NATION'S CRITICAL ENERGY NEEDS. TAKEN TOGETHER, THE ENERGY POLICY ACT, THE CLEAN AIR ACT, AND THE INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT EMBRACE MANY OF THE SUGGESTIONS MADE BY THE GOVERNORS TO MAINTAIN A VIABLE DOMESTIC ENERGY INDUSTRY, TO PROMOTE BOTH THE DEVELOPMENT OF ADDITIONAL DOMESTIC ENERGY SUPPLIES AND INCREASED ENERGY EFFICIENCY, AND TO ADDRESS ENVIRONMENTAL CONCERNS. HOWEVER, A NUMBER OF IMPORTANT ISSUES HAVE NOT BEEN ADDRESSED, AND THE ENERGY POLICY ACT HAS NOT BEEN FULLY FUNDED OR IMPLEMENTED. MUCH REMAINS TO BE DONE.

~~From the time of the Industrial Revolution, energy has been the lifeblood of economic activity and growth. To provide a foundation for continuing economic development, it is important that our changing economy have available the appropriate energy supplies and services. Our energy infrastructure must be sufficiently flexible to adapt to changing needs.~~

Currently, the United States imports ABOUT 50 ~~more than 40~~ percent of the oil it consumes, and in 1992 ~~1987~~ energy imports accounted for MORE THAN HALF ~~almost one-fourth~~ of the nation's balance of trade deficit. Domestic oil production is decreasing and it will continue to decline. By the END ~~middle~~ of the next decade, oil imports ARE PROJECTED TO ~~could~~ rise to 60 50 percent or more of American oil consumption, ACCORDING TO THE DEPARTMENT OF ENERGY (DOE). In the critical transportation sector alone, WHICH STILL IS DOMINATED BY ~~where there are virtually no alternatives to~~ petroleum-based fuels, the nation consumes more oil than it produces. The implications for the nation's economy, national security, and balance of trade are enormous. There also is a great risk that foreign policy options will become constrained as the result of our dependence on foreign energy supplies.

Yet America also is blessed with abundant domestic energy resources, including supplies of oil, coal, gas, uranium, and a variety of renewable energy resources, which can help meet our energy needs and reduce the levels that must be imported. The nation also is learning to use energy supplies more efficiently. Since the 1973 oil embargo, the nation's use of energy has declined significantly both per capita and per unit of the gross national product (GNP), and greater efficiency has been our largest new "source" of energy supply. In particular, the nation's use of nonelectric energy forms has declined appreciably, while its use of electricity has increased significantly, with almost all of the increase provided by coal and nuclear energy.

~~The Governors believe that the development of a comprehensive, coherent, and productive national energy policy is imperative. This policy should recognize the risks involved in relying heavily on imported energy and should provide for the optimum use of domestic energy resources. It must promote both development of additional domestic energy supplies and increased energy efficiency as consumers meet their needs for energy services. A viable domestic energy supply industry must be maintained. The nation's economy must become more energy efficient in order to compete globally.~~

1.2 Policy Framework

THE GOVERNORS REAFFIRM THEIR BELIEF THAT THE DEVELOPMENT AND IMPLEMENTATION OF A COMPREHENSIVE, COHERENT, AND PRODUCTIVE NATIONAL ENERGY POLICY IS IMPERATIVE. THIS ~~A comprehensive national energy~~ policy must meet public needs for energy, recognizing the trade-offs between costs and risks and striving for consistency with other national priorities and goals. The principal goal of our national energy policy should be to provide secure and affordable energy supplies and services that will ensure the health of our economy and our environment. The Governors SUPPORT ~~suggest~~ a national energy policy based on seven PRINCIPLES ~~guidelines~~. Energy policy should:

- promote the prudent and efficient use of our resources and the pursuit of a long-term, least-cost energy strategy to minimize the cost of reliable energy supplies and services;
- pursue a diverse and flexible energy supply mix that provides for future needs and reflects security and reliability concerns;
- address environmental concerns;
- ensure sustained public and private investment in energy research and development;
- include a well-specified division of regulatory authority between states and the federal government;
- provide our citizens with affordable and adequate energy supplies and services; and
- provide Americans with access to the information they need to make sound energy choices.

1.2.1 Energy Efficiency. Energy efficiency offers a practical means of achieving many of our energy policy goals. Increased efficiency will decrease our reliance on imported oil, reduce the environmental impacts of fossil fuels, enhance the competitiveness of U.S. industries, slow the depletion of our finite fossil fuels, and extend the time we have to make the transition to new and innovative energy technologies.

There are environmental implications associated with energy policy choices. Mounting concerns over ozone pollution, acid deposition, and global warming have brought this issue to the forefront. We must recognize and address the short- and long-term environmental impacts of our energy choices and make them environmentally acceptable. The Governors believe that addressing these environmental concerns can be accomplished most effectively by improving the efficiency of this nation's energy use and by making sure that choices among fuels and energy products and services reflect their true environmental costs. This principle should apply to imported energy as well as to domestic energy.

1.2.2 Energy Emergencies. It also is imperative that states and the federal government develop strategies for responding to a broad variety of possible energy emergencies. Initial efforts should focus on strategies to prevent emergencies from occurring. Efforts to diversify our energy systems while maximizing our use of cost-effective domestic energy resources are part of this long-term effort. Additional efforts in the interim must focus on planning the response federal and state governments would take if any energy emergency occurs. It is essential that emergency response procedures be well tested to ensure the coordination and flow of information among energy suppliers, consumers, and federal, state, and local governments.

1.2.3 Cost-Effective Energy Services. The Governors reiterate their support for programs to assist those unable to afford a minimal level of energy services. The focus should be on providing energy services in the most cost-effective manner. Permanent solutions such as efficiency improvements should be stressed, recognizing that temporary assistance may be needed to defray fuel bills. Also, job retraining and relocation assistance may be necessary for those in the energy industries who suffer job dislocations as a result of energy policy decisions.

1.2.4 Risk Reduction. The Governors recognize that all energy sources carry some degree of risk -- either military, economic, environmental, or social. Options carrying high risk should be compared with alternatives. Then the question becomes whether a premium needs to be paid to reduce the risk. The Governors recognize that some premiums are worth paying. The nation may purchase additional energy security and reliability through measures, including greater domestic production, that ensure diversified supplies of those energy resources on which we currently depend, and by expanding our

energy choices through improved energy efficiency and the development of commercially available alternatives.

- 1.2.5 **Information Needs.** The Governors also recognize that the strength of the economy is its reliance on the private sector, and that a government has a responsibility to provide consistent, clear policy direction and make rational decisions that can help guide private sector initiatives. Federal, state, and local governments cannot provide credible policy direction or respond properly to the needs of consumers without good information. Thus, an essential step in formulating a balanced energy policy is to develop the necessary data and employ analytical methods and models to assess the productivity costs and risks of the various energy choices available to the nation.

The Governors urge the Department of Energy, with assistance from the Departments of Defense and State and in conjunction with states, to develop this analytic base. DOE should rank the energy options available to the nation. The options should be grouped by end use and not by specific fuels or efficiency improvements. The ranking of each option within a group should reflect the market and nonmarket costs of energy saved or delivered, the relative degree of uncertainty and risk exposure, and the compatibility of each option with other national goals. Because the costs and risks associated with each option change over time, DOE should periodically revise the rankings. The results of this work would provide Congress and federal and state energy policymakers with the information to respond appropriately as the future unfolds and enable them to take the steps necessary to protect the needs of consumers and the nation.

- 1.2.6 **Long-Term Costs.** In choosing among energy policy alternatives, including those in this policy, the Governors believe that a cost-benefit approach should be applied in which the full long-term costs of an option, in terms of taxes, consumer energy bills, environmental impacts, security risks, and other national goals, are weighed against the additional availability or conservation of energy and other long-term benefits it might be expected to generate.

Those measures involving the lowest costs, in terms of public expenditures, revenue losses, costs to consumers, or environmental or other impacts, should be considered first. There are measures that would improve our energy security and reliability without imposing significant new costs. Although the potential costs and benefits of a given proposal can be extremely difficult to estimate, this framework is valuable in setting consistent terms for the debate on our various energy policy choices, both now and in the future.

1.3 Policy Options

~~The Governors recognize that while a comprehensive evaluation of energy policy options is needed, some energy decisions must be made now.~~ Consistent with this policy framework, the Governors recommend several policy options that are expected to promote additional domestic energy supplies or efficiency AND THAT ~~The following recommended options~~ provide a sound FOUNDATION ~~beginning~~ for a comprehensive national energy policy. MANY OF THESE HAVE BEEN ADDRESSED OR PARTIALLY ADDRESSED IN FEDERAL LEGISLATION BUT NEED TO BE STRENGTHENED OR FULLY IMPLEMENTED. In considering the implementation of these options, specific programs and strategies must be carefully designed to properly balance all of their short- and long-term benefits and costs. THE FEDERAL GOVERNMENT IS ENCOURAGED TO WORK COOPERATIVELY WITH STATES TO DEVELOP JOINT PROGRAMS.

- 1.3.1 **Improving Energy Supply.** To improve energy supply, the Governors support the following measures.

- Encourage exploration and development of the nation's primary energy resources, including oil, gas, coal, uranium, SOLAR, renewable, AND OTHER energy resources, ~~and others~~, to the extent they are competitive in energy markets and are consistent with environmental requirements. Consideration should be given to expanding exploration and development in currently restricted areas.

- **MAINTAIN** ~~Provide~~ tax incentives AND REMOVE TAX DISINCENTIVES for domestic oil and gas exploration and development and for enhanced recovery in order to encourage new domestic reserve development and avoid premature shut-in of wells. ~~These incentives could include, as examples, development of standard investment tax credits on exploration and development expenditures, for stripper well operation and maintenance expenditures, and for secondary or tertiary enhanced recovery project expenditures; expensing of geological and geophysical costs; repeal of the well transfer rule; and elimination of exploration and development expenditures as an alternative minimum tax "preference" item.~~
- Provide tax incentives for coal production, transportation, and utilization, which would allow for the increased use of coal in an environmentally acceptable manner.
- Encourage early resolution of nuclear power issues, consistent with safety and environmental requirements. These issues include ~~plant standardization and timely permitting~~, consistent regulatory oversight of operations, plant life extension and decommissioning, and waste disposal. States should continue to have the right to monitor operating conditions at nuclear power plants.
- **MAINTAIN DEREGULATION OF** ~~Deregulate~~ natural gas wellhead prices upon contract expiration.
- **MAINTAIN** ~~Provide~~ open access on the part of consumers and producers to natural gas pipeline capacity, consistent with state and federal regulatory authority regarding the bypass of local distribution companies.
- Recognize state responsibility to ensure timely decisions on permitting, siting, and licensing of energy facilities, consistent with state and federal laws and health and safety requirements.
- Encourage multistate cooperation in identifying the economics of, and need for, additional energy transmission and generation projects. Regional energy transmission and generation planning could be further enhanced through improved communication among the appropriate state and federal regulatory agencies, affected utility companies, and any other affected parties.
- Allow expanded regional and interregional electricity markets where it is cost-effective. Further consideration needs to be given to questions of transmission access and local bypass.
- Ensure that federal regulation of interstate wholesale markets does not impede state regulation of utility investments. States should be free to reflect public interest concerns and least-cost objectives in their regulatory activities.
- Shift Federal Energy Regulatory Commission jurisdiction over intrastate wholesale transactions to individual states or to regional regulatory bodies at the option of the state or states involved.
- Provide for the full utilization of existing rights of way, including highway rights of way, for energy transmission. The siting of energy transmission facilities must be consistent with state and federal laws and safety and environmental requirements.
- Encourage fair and mutually beneficial hemispheric energy trade agreements, consistent with obligations under international agreements. In addition, the Governors support the barrel-for-barrel trade of Alaskan oil for oil from other countries, except in times of energy emergency.
- **ENHANCE** ~~Provide~~ federal incentives for renewable energy resources SO THAT THEY ARE equivalent, in terms of cost per unit of energy, to the tax credits and other incentives provided for traditional fossil fuels. These could include tax credits for purchasers, cost sharing of demonstration projects, or like measures.

1.3.2 Improving Energy Utilization. To improve energy utilization, the Governors support the following measures.

- Increase vehicle fuel efficiency through means such as raising the corporate average fuel efficiency standards.

- **MAINTAIN** ~~Provide~~ incentives for the use of alternative motor fuels and the production of alternative motor fuel vehicles, including a variety of early fleet demonstrations, such as conversion of postal vehicles to alternative fuels.
- Fully consider the energy implications of alternative transportation strategies and resulting actions in transportation planning.
- Provide federal incentives for energy efficiency and conservation improvements equivalent to those provided for fossil fuels and renewable energy resources.
- Encourage the energy rating of new and existing building stock and **IMPLEMENT** ~~establish~~ standards for major energy-using appliances that generally convey with property.
- **CONTINUE TO** work with the housing and construction industries and other private and public organizations to promote improved building design and construction technologies for energy-efficient buildings and the protection of indoor air quality.
- Expand the government's leadership role in the purchase and use of new energy-efficient technologies and products.
- Expand energy conservation programs for government-owned buildings.
- Encourage energy information programs for the residential, small business, commercial, industrial, agriculture, and government sectors to increase awareness of energy use and conservation; new outreach programs for energy information; and energy education in elementary and secondary schools and in vocational-technical schools.
- **EXPAND** ~~Develop~~ alternative financing programs for energy-efficiency improvements in the residential, small business, commercial, industrial, agriculture, and government sectors. Examples could include programs such as revolving loans, third-party financing, and mortgages that include financing for efficiency improvements.
- Restore federal funding of **STATE ENERGY ASSISTANCE PROGRAMS AND** low-income energy service programs. Within both the Low Income Home Energy Assistance Program (LIHEAP) and weatherization program, allow states maximum flexibility to balance immediate and long-term needs. Regulations should encourage state-by-state innovation in approaches to meet varied needs.
- Encourage regulated and unregulated energy suppliers to work with states to develop supplemental programs of financial assistance through which low-income households can make energy-efficiency improvements and other programs that reduce fuel costs.

1.4 Research and Development

Two-thirds of the current DOE research budget is devoted to basic sciences and long-term fusion activities. The remaining third is divided between current and emerging technologies and is dominated by clean coal and nuclear research. The Governors encourage efforts to emphasize emerging fields and technology transfer in promising areas required to meet immediate and future energy service needs. They support the following measures.

- Give priority to research in the following areas.
 - **Petroleum and Natural Gas.** Enhanced oil and gas recovery through joint federal-state-private initiatives such as the Geoscience Institute for Oil and Gas Recovery.
 - **Energy Efficiency.** Capturing opportunities for cost-effective energy efficiency improvements. Additional federal research, development, and technology transfer activities should include support for resource assessment, applied research in building sciences, transportation systems studies, and other end-user applications.
 - **Coal.** The production, transportation, and utilization of coal in an environmentally acceptable manner, with particular emphasis on transportation fuels and electric power generation, including the continuation of the clean coal technology program.
 - **Renewable Resources.** Reducing the cost and improving the reliability and efficiency of renewable energy sources in partnership with the private sector. This should include

selective commercialization and implementation assistance aimed at demonstrating promising technologies.

- **Alternative Fuels.** Developing alternative fuels, especially those that may be used in the transportation sector. Demonstration and commercialization of alternative fuels that may be produced and used in a manner consistent with the protection of the atmosphere is particularly important.
- **Nuclear Energy.** The development and evaluation of advanced, safe reactor designs, waste management technology, nuclear fusion, and plant retrofit and life extension.
- Increase and better coordinate energy research and development by:
 - strengthening the federal-state-private research partnership and shifting research priorities to ensure a balance between basic and applied research and among fuel types and energy-efficiency improvements;
 - examining the benefits of removing antitrust barriers to pooled industry research efforts; and
 - promoting federal funding of research and development in areas in which businesses and industries are unable to capture the benefits of energy research and development.
- Increase the emphasis on timely transfer of research findings and new technologies from the laboratory to factories, builders, and users.

1.5 Emergency Preparedness

To facilitate emergency preparedness, the Governors support the following measures.

- Fill the strategic petroleum reserve (SPR) to 1 BILLION BARRELS ~~its authorized level~~ and provide flexibility to increase or decrease fill rates in response to changes in oil prices. The Governors recognize the efforts of International Energy Agency member nations to establish comparable stocks, and urge the continuation and expansion of this effort as well as continued cooperation in designing strategic and diplomatic mechanisms to avoid supply interruptions.
- Encourage the continued refinement of the timely sales process for SPR oil and the continued regular testing of the SPR sales mechanism and physical drawdown capabilities. The Governors urge the development of a region-by-region analysis of the impact of SPR use on the availability of various fuels. If this analysis indicates that any region would not be assured of the availability of fuels in the event of a drawdown, then states should work closely with the petroleum industry to develop regional rotating product stocks or some other mechanism to ensure regional availability of supplies.
- Establish regional petroleum reserves (RPRs) in import-dependent or insular states that cannot be served efficiently by the strategic petroleum reserve.
- CONTINUE ~~Ensure~~ a full AND LONG-TERM state, federal, local, ~~international~~, and private partnership in energy emergency response planning for diverse supply shortage scenarios AND WORK TOWARD A BETTER INTERNATIONAL PARTNERSHIP FOR SUCH EMERGENCIES.
- Encourage fuel switching capability for large energy users to reduce dependency upon a single fuel source.

1.6 Funding

~~The costs and benefits of a national energy program will depend upon which policy options we, as a nation, elect to pursue.~~ The Governors believe that many of the options identified in this policy may be implemented at little or no cost to the federal government. The Governors also recognize that additional federal expenditures may be required to adequately fund other options identified in this policy. In part, these funds could come from a reallocation of existing federal expenditures. The

Governors believe that energy should be a national priority. IT SHOULD BE RECOGNIZED THAT,

WHILE JOINT FEDERAL-STATE-LOCAL PARTNERSHIPS PROVIDE THE OPPORTUNITY
TO LEVERAGE FUNDING AND CONSOLIDATE EXPERTISE, STATE BUDGETS ARE
CONSTRAINED.

Time limited (effective August 1993-August 1995).
Adopted February 1989; reaffirmed February 1993 (formerly Policy D-12).

NR-5. SUPERFUND

5.1 PREAMBLE

ENACTMENT OF THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT (CERCLA) IN 1980 MARKED THE BEGINNING OF SUPERFUND, ONE OF THE NATION'S MOST AMBITIOUS, EXPENSIVE, AND CONTROVERSIAL ENVIRONMENTAL RESTORATION PROGRAMS. IN RECENT YEARS, SUPERFUND HAS COME UNDER INCREASING SCRUTINY BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA), STATES, ENVIRONMENTAL GROUPS, AND THE BUSINESS COMMUNITY. ALTHOUGH THESE STAKEHOLDERS OFTEN HAVE WIDELY DIVERGENT VIEWS ABOUT WHAT IS RIGHT AND WRONG WITH SUPERFUND AND HOW IT SHOULD BE CHANGED, THEY ALL SHARE CONCERNS ABOUT THE EFFICIENCY, EFFECTIVENESS, AND EQUITY OF SUPERFUND CLEANUPS. CLEARLY, A VARIETY OF LEGISLATIVE REMEDIES AND REGULATORY AND ADMINISTRATIVE CHANGES ARE NEEDED TO IMPROVE THE PROGRAM'S ABILITY TO EXPEDITIOUSLY CLEAN UP THE NATION'S WORST HAZARDOUS WASTE SITES. THE GOVERNORS LOOK FORWARD TO PARTICIPATING IN THIS PROCESS AND TO PLAYING A MAJOR ROLE IN THE IMPLEMENTATION OF THE NATIONAL HAZARDOUS WASTE SITE CLEANUP EFFORT.

5.2 STREAMLINING THE PROGRAM

THE GOVERNORS BELIEVE THAT CENTRALIZED DECISIONMAKING HAS SLOWED UNNECESSARILY THE SUPERFUND PROGRAM AND THAT THE PROTECTION OF PUBLIC HEALTH AND ECOSYSTEMS DEMANDS QUICKER RESPONSE ACTIONS. THE SITE ASSESSMENT AND REMEDIAL ACTION PROGRAMS ARE PARTICULARLY CUMBERSOME. THEY SHOULD BE STREAMLINED BY FOCUSING SUPERFUND REGULATIONS AND GUIDANCE MORE ON SPECIFYING THE DESIRED END RESULTS OF CLEANUP ACTIONS AND LESS ON THE PROCESS FOR DETERMINING SUCH RESULTS. THIS CAN BE ACHIEVED BY LESS RELIANCE ON SITE-SPECIFIC INVESTIGATIONS, RISK ASSESSMENTS, AND REMEDY SELECTION PROCEDURES, AND BY GREATER USE OF STANDARDIZED PROCESSES FOR SETTING CLEANUP LEVELS. "PRESUMPTIVE" REMEDIES SHOULD BE AVAILABLE FOR MORE IMMEDIATE USE AT SITES FITTING CERTAIN GENERIC CONTAMINATION, POPULATION, AND HYDROGEOLOGIC CONDITIONS.

EPA, STATES, AND RESPONSIBLE PARTIES HAVE BEEN HAMPERED IN SITE CLEANUP DECISIONS BY THE LACK OF A CLEAR DEFINITION OF "HOW CLEAN IS CLEAN." EPA SHOULD BE DIRECTED TO WORK IN CLOSE COOPERATION WITH STATES TO DEVELOP CRITERIA OR GUIDELINES FOR THE NATIONAL CONTINGENCY PLAN ON THE LEVEL OF REMEDIAL ACTION THAT IS ACCEPTABLE TO PROTECT PUBLIC HEALTH AND THE ENVIRONMENT. THESE CRITERIA OR GUIDELINES SHOULD REFLECT CONSIDERATIONS SUCH AS RELEVANT AND APPROPRIATE FEDERAL AND STATE STANDARDS, INSTITUTIONAL CONTROLS, THE HAZARDOUS OR TOXIC MATERIALS INVOLVED, THE ENVIRONMENTAL PATHWAYS THAT COULD LEAD TO HUMAN EXPOSURE OR ENVIRONMENTAL DAMAGE, THE POPULATION AT RISK AT A PARTICULAR SITE, AND THE COST-EFFECTIVENESS OF OPTIONAL CLEANUP STRATEGIES.

5.3 STATE-FEDERAL ROLE

THE IMPACTS OF HAZARDOUS WASTE SITES ARE FELT PRIMARILY AT THE STATE AND LOCAL LEVELS, AND THE STATE ROLE IN THE PROGRAM NEEDS TO BE STRENGTHENED. STATES SHOULD HAVE A STRONGER VOICE IN SUPERFUND DECISIONMAKING, AND EPA SHOULD BE REQUIRED TO AUTHORIZE STATES TO MANAGE THE REMEDIAL PROGRAM IF THEY REQUEST SUCH DELEGATION AND IF THEY HAVE LAWS AND REGULATIONS AT LEAST AS STRINGENT AS THOSE OF EPA. THIS WILL ACCELERATE CLEANUP, AVOID DUPLICATION OF EFFORT, INCREASE EFFICIENCY FOR GOVERNMENT AND THE PRIVATE SECTOR, REDUCE TRANSACTION COSTS, PROVIDE GREATER CERTAINTY IN THE PROGRAM, AND MAXIMIZE THE EFFECTIVENESS OF LIMITED STATE AND FEDERAL RESOURCES.

EPA SHOULD ENSURE THE PROPER IMPLEMENTATION OF THE PROGRAM THROUGHOUT THE NATION BY ESTABLISHING MINIMUM PROGRAM REQUIREMENTS FOR DELEGATION, MONITORING AND AUDITING STATE PROGRAMS, PROVIDING TECHNICAL ASSISTANCE, AND OPERATING THE PROGRAM IN STATES CHOOSING NOT TO PURSUE DELEGATION.

CERCLA SHOULD BE AMENDED TO ALLOW STATES TO DEVELOP A STATEWIDE GENERIC RESPONSE PROGRAM FOR ALL CONTAMINATED SITES IN THE STATE, AND THE ADMINISTRATOR OF EPA SHOULD BE REQUIRED TO APPROVE SUCH PROGRAMS WITHIN A REASONABLE PERIOD OR SHOW CAUSE AS TO WHY HE OR SHE HAS NOT DONE SO. ONCE THIS PROGRAM HAS BEEN APPROVED, THE STATE SHOULD BE PERMITTED TO ASSUME FULL AND COMPLETE

RESPONSIBILITY FOR MANAGEMENT OF THE CLEANUP EFFORT AT ALL SITES LISTED BY THE STATE AS REQUIRING CLEANUP. SUCH RESPONSIBILITY SHOULD INCLUDE ESTABLISHING PRIORITIES, UNDERTAKING REMEDIAL INVESTIGATIONS/FEASIBILITY STUDIES, SELECTING REMEDIES, SELECTING CONTRACTORS, AND CONDUCTING REMEDIAL CLEANUPS. AUTHORIZED STATES SHOULD NOMINATE SITES FOR FEDERAL CLEANUP FUNDS, AND EPA SHOULD ALLOCATE AVAILABLE FUNDS BASED ON COMPETING NATIONAL AND REGIONAL PRIORITIES.

5.4 LIABILITY

THE STRICT, JOINT, AND SEVERAL LIABILITY SCHEME EMPLOYED BY CERCLA PROVIDES THE BACKBONE OF THE LAW, AND THE GOVERNORS SUPPORT THAT CONCEPT. IT PROVIDES THAT MONIES WILL BE RETURNED TO THE FUND FOLLOWING FUND-FINANCED CLEANUPS AND SERVES AS A FORMIDABLE INCENTIVE FOR PARTIES TO PRACTICE POLLUTION PREVENTION AND BETTER WASTE MANAGEMENT PRACTICES IN THE FIRST PLACE. THE GOVERNORS ALSO RECOGNIZE LEGITIMATE PROBLEMS WITH RESPECT TO MUNICIPAL SOLID WASTE LANDFILLS. MUNICIPALITIES THAT GENERATED OR TRANSPORTED WASTE TO LANDFILLS ON THE NATIONAL PRIORITIES LIST HAVE BEEN IMPLICATED IN THIRD-PARTY LAWSUITS THAT ARE STRETCHING THEIR LIMITED BUDGETS. THE GOVERNORS ARE ENCOURAGED BY EPA'S INITIAL STEPS TO STREAMLINE THE PROGRAM ADMINISTRATIVELY AND THEY SUPPORT FURTHER STEPS TO SPEED CONFLICT RESOLUTION.

5.5 STATE PROGRAM GRANTS

THE GOVERNORS BELIEVE THAT SUPERFUND CLEANUP WILL BE FASTER AND MORE EFFECTIVE IF STATES HAVE ADEQUATE CAPACITY TO PLAN AND IMPLEMENT THE PROGRAM. TO DEVELOP SUCH CAPACITY, THE FUND SHOULD BE USED TO SUPPORT GRANTS TO STATES FOR PROGRAM DEVELOPMENT, SITE IDENTIFICATION AND ASSESSMENT, ENFORCEMENT, OVERSIGHT, AND ADMINISTRATIVE EXPENSES AT ALL SITES.

5.6 STATE MATCH

THE GOVERNORS BELIEVE THAT THERE IS NO JUSTIFICATION FOR REQUIRING A LARGER STATE MATCH FOR SUPERFUND CLEANUP AT SITES THAT ARE PUBLICLY OPERATED THAN FOR PRIVATE SITES. CERCLA SHOULD BE

AMENDED TO PROVIDE THAT THE MATCH REQUIRED FOR CLEANUP ACTIONS IS 10 PERCENT AT ALL SITES, WHETHER OR NOT THEY ARE OPERATED BY THE STATE OR A POLITICAL SUBDIVISION. THE 10 PERCENT STATE SHARE FOR SITES OPERATED BY STATES OR POLITICAL SUBDIVISIONS SHOULD BE CONSIDERED A FINAL SETTLEMENT OF ALL LIABILITY UNDER CERCLA FOR THE STATE OR POLITICAL SUBDIVISION. IN ADDITION, THE GOVERNORS BELIEVE THAT CONGRESS SHOULD LIBERALIZE THE CONDITIONS UNDER WHICH STATES MAY GENERATE CREDITS THAT CAN BE USED TO OFFSET THE STATE MATCH REQUIREMENT FOR REMEDIAL ACTIONS. IN PARTICULAR, THE PERIOD FOR WHICH STATE CLEANUP EXPENDITURES CAN BE CREDITED SHOULD EXTEND FROM JANUARY 1, 1978, TO THE DATE A COOPERATIVE AGREEMENT WAS SIGNED OR CLEANUP COMMENCED AT A PARTICULAR SITE. STATES SHOULD BE ALLOWED TO USE SUCH CREDITS TO DEFRAY THE COSTS OF FURTHER CLEANUP AT THAT SITE OR AT OTHER SITES WITHIN THE STATE.

5.7 OPERATION AND MAINTENANCE EXPENSES

CERCLA SHOULD BE CLARIFIED TO PROVIDE THAT THE RESPONSE TRUST FUND CAN BE USED TO SUPPORT OPERATION AND MAINTENANCE ACTIVITIES DURING THE PERIOD IN WHICH THEY ARE REQUIRED. IT SHOULD BE CLEAR THAT THESE EXPENDITURES ARE SUBJECT TO THE SAME STATE MATCH REQUIREMENTS AS CLEANUP ACTIONS.

5.8 NATURAL RESOURCE DAMAGE CLAIMS

THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT OF 1986 CONTAINS A PROVISION PROHIBITING STATES' USE OF SUPERFUND MONIES FOR ASSESSING NATURAL RESOURCE DAMAGES AND FOR RESTORING THOSE RESOURCES. WITHOUT THE FINANCIAL RESOURCES TO PERFORM ASSESSMENTS, MOST STATES HAVE BEEN UNABLE TO PURSUE THESE IMPORTANT CLAIMS. THE GOVERNORS URGE CONGRESS TO REMOVE THE PROHIBITION OF FUNDS FOR NATURAL RESOURCE DAMAGE ASSESSMENT.

5.9 FEDERAL SITES

CLEANUP OF FEDERAL SITES SHOULD BE EXPEDITED. EPA SHOULD HAVE THE RESPONSIBILITY FOR ENSURING THAT REMEDIAL ACTIONS AT FEDERAL SITES ARE CONSISTENT WITH THE NATIONAL CONTINGENCY PLAN. FEDERAL SITE CLEANUPS SHOULD NOT BE FINANCED FROM THE TRUST FUND.

5.10 VOLUNTARY CLEANUPS

THE GOVERNORS BELIEVE THAT VOLUNTARY CLEANUP ACTIVITIES CAN MAKE A SIGNIFICANT CONTRIBUTION TOWARD THE NATION'S HAZARDOUS WASTE CLEANUP GOALS. TO FOSTER SUCH VOLUNTARY CLEANUPS, CERCLA SHOULD PROVIDE A MECHANISM THROUGH WHICH PARTIES MAY NEGOTIATE AND SIGN CLEANUP AGREEMENTS WITHOUT HAVING TO ADMIT TO CAUSING AN "IMMINENT AND SUBSTANTIAL ENDANGERMENT." THESE AGREEMENTS MUST BE FULLY ENFORCEABLE. THEY SHOULD HAVE CLAUSES ALLOWING CLEANUP NEGOTIATIONS TO BE REOPENED IN THE EVENT ADDITIONAL ENVIRONMENTAL RISKS ARE DISCOVERED, WHICH WERE UNKNOWN AT THE TIME THE ORIGINAL CLEANUP AGREEMENT WAS DEVELOPED, OR IN THE EVENT THE SELECTED REMEDIAL ACTION PROVES INADEQUATE TO PROTECT HUMAN HEALTH AND THE ENVIRONMENT. IF NEGOTIATIONS WITH RESPONSIBLE PARTIES DO NOT RESULT IN ACCEPTABLE CLEANUP AGREEMENTS WITHIN A REASONABLE PERIOD, EPA OR THE STATE SHOULD UNDERTAKE REGULAR CLEANUP, ENFORCEMENT, AND COST RECOVERY ACTIONS. THIS RECOMMENDATION IS NOT INTENDED TO HAVE ANY EFFECT ON OTHER PARTIES' SUITS AGAINST POTENTIALLY RESPONSIBLE PARTIES.

5.11 CAPACITY ASSURANCE

THE GOVERNORS RECOGNIZE THE IMPORTANCE OF ENSURING THAT ADEQUATE CAPACITY EXISTS TO SAFELY TREAT OR DISPOSE OF THE NATION'S HAZARDOUS WASTE. HOWEVER, THE IMPLEMENTATION OF THE CAPACITY ASSURANCE REQUIREMENTS UNDER THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT HAS BEEN INEFFECTIVE. THE ACT PROVIDES VERY AMBITIOUS TIMETABLES FOR STATES TO DEVELOP THE NECESSARY PLANS AND AGREEMENTS, BUT STATES ARE LIMITED IN THEIR LEGAL ABILITY TO CONTROL THE INTERSTATE TRANSPORTATION AND HANDLING OF HAZARDOUS WASTES. THE ISSUE OF INTERSTATE WASTE TRANSPORT SHOULD BE REALISTICALLY ADDRESSED BY THE FEDERAL GOVERNMENT.

~~4.2~~ Superfund

~~The Governors believe that the protection of public health and the environment requires a major and very long term commitment from businesses, the federal government, and the states to clean up abandoned and leaking hazardous waste sites, spills, and other releases of hazardous and toxic substances. As the next step in this commitment, the Governors urge the Congress to expeditiously~~

reauthorize and extend for five years the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA/ "Superfund"). In reauthorizing this important law, the Congress should address the following issues:

- 4.2.1 **Response Trust Fund.** The Governors urge the Congress to reauthorize and expand the Hazardous Substance Response Trust Fund. The fund should be increased to at least \$9 billion so that it will be adequate to address the sites on the national priority list and new sites, including hazardous waste facilities that may close before final RCRA permits are issued. At least one-fifth of the total trust fund amount should be made available each year. To develop additional revenues for the Superfund, the Governors recommend that the petroleum and chemical feedstock taxes, which are the mainstays of the existing fund, be increased. In developing any other revenue sources, the Governors favor taxes that create economic incentives for minimization and proper disposal of hazardous wastes as a preferred alternative to increasing the general fund share of the Superfund program beyond the current level.
- 4.2.2 **State Response Funds.** It is imperative that the states have adequate resources to carry out their responsibilities under Superfund and to respond to situations in the absence of EPA action. CERCLA should be amended to repeal any preemption of the development or use of state trust funds, including those based on chemical feedstock and waste end taxes, for purposes related to environmental protection and restoration.
- 4.2.3 **State Role.** The Governors believe that centralized decisionmaking has unnecessarily slowed the Superfund program, and that public health protection demands quicker response actions. The remedial action program is particularly cumbersome and should be streamlined. The Superfund program can be made more efficient if the states and regional offices are given larger decision-making authorities than they currently have. In particular, states should have the option to take the lead role in planning and implementing Superfund response actions, with a right of first refusal to assume the lead at particular sites. State concurrence should be required before EPA or responsible parties undertake any removal or remedial action under CERCLA. The law should allow states to develop a statewide generic response program for sites on the national priorities list, and the administrator of EPA should be required to approve such programs within a reasonable period of time or show cause why he has not done so. Once this program has been approved, the state should be able to assume full and complete responsibility for management of the cleanup effort at national priorities list sites where it chooses to take the lead. Such responsibility should include establishing priorities, undertaking remedial investigations/feasibility studies, selecting contractors, conducting removals or remedial cleanups, and similar actions.
- 4.2.4 **Cost Recovery.** The Governors urge the Congress to provide clear guidance to the EPA to clean up hazardous sites as the first priority and negotiate with responsible parties second. If negotiations have not succeeded after a reasonable period, litigation is appropriate. The current practice of the state and the federal government litigating separately to recover their respective share of cleanup costs is duplicative and wasteful. It should be made clear that states already have a cause of action to recover costs at sites where they have contributed matching funds, and the states and the EPA should be directed to agree that one or the other will have the lead in litigation for full recovery of both the state and federal shares.
- 4.2.5 **Cleanup Standards.** EPA, the states, and responsible parties have been hampered in site cleanup decisions by the lack of a clear definition of "how clean is clean." The EPA should be directed to work in close cooperation with the states to develop criteria or guidelines to be included in the national contingency plan on the level of remedial action that is acceptable to protect public health and the environment. These criteria should reflect considerations such as relevant and appropriate federal and state standards, the hazardous or toxic materials involved, the environmental pathways that could lead to human exposure or environmental damage, the population at risk at a particular site, and the cost-effectiveness of optional cleanup strategies.
- 4.2.6 **State Program Grants.** The Governors believe that Superfund cleanup will be faster and more effective if the states have adequate capacity to plan and implement the program. To develop such capacity, the fund should be used to support grants to states for program development, site identification and assessment, enforcement, oversight, and administrative expenses at all sites.
- 4.2.7 **State Match.** The Governors believe there is no justification for requiring a larger state match for Superfund cleanup at sites that have been publicly owned or operated than at privately owned sites. CERCLA should be amended to provide that the match required against cleanup actions is 10 percent at all sites, whether or not owned or operated by the state or a political subdivision. The 10 percent state share for sites owned or operated by states or political subdivisions should be considered a final settlement of all liability under CERCLA for the state or political subdivision. In addition, the

Governors believe that the Congress should liberalize conditions under which states may generate credits that can be used to offset the state match requirement for remedial actions. In particular, the period for which state cleanup expenditures can be credited should extend from January 1, 1978, to the date a cooperative agreement was signed or cleanup commenced at a particular site. Such credits should be usable against further cleanup at that site or at other sites in the same state.

- ~~4.2.8~~ **Operation and Maintenance Expenses.** CERCLA should be amended to provide that the response trust fund should be used to support operation and maintenance activities for a specified period at sites after cleanup actions have been taken commensurate with the expected operation and maintenance life. It should be clear that these expenditures are subject to the same state match requirements as cleanup actions.
- ~~4.2.9~~ **Postclosure Liability.** The Governors believe that the postclosure liability fund, established to provide monitoring and maintenance at hazardous waste sites beginning five years after closure, is not adequately funded and should be at least doubled in size. In addition, the law should be amended to extend the liability period for owners or operators from five to at least thirty years after closure. EPA also should be directed to review insurance requirements for owners and operators of hazardous waste facilities to ensure there are adequate resources available to perform monitoring and take any corrective actions necessary during the thirty years after closure. For purposes of cost recovery, the Superfund and states that have contributed matching funds should be considered priority claimants in bankruptcy proceedings against the owner or operator of any site or any other responsible party who declares bankruptcy before all closure requirements have been satisfied.
- ~~4.2.10~~ **Natural Resource Damage Claims.** The three year window provided by CERCLA for states to file claims for damages for natural resources damage expired before the Department of Interior published guidelines necessary to file such claims. The Department of Interior should be directed to expeditiously develop such guidelines, and funds should be appropriated for that purpose. In addition, the window of opportunity for states to file such claims should be extended to at least five years after the date of enactment of the CERCLA reauthorization.
- ~~4.2.11~~ **Federal Sites.** Cleanup of federal sites should be expedited. EPA should have responsibility for assuring that remedial actions at federal sites are consistent with the national contingency plan. Federal site cleanups should not be financed by the trust fund.
- ~~4.2.12~~ **Petroleum Exemption.** Congress should affirm that, notwithstanding the "petroleum exemption," sites containing listed hazardous substances are within the scope of CERCLA coverage. This amendment is directed to the leaking underground storage tank problem. It is not the intent of the Governors that CERCLA apply to oil production and refining activities.
- ~~4.2.13~~ **Voluntary Cleanups.** The Governors believe that voluntary cleanup activities by responsible parties can make a significant contribution towards the nation's hazardous waste cleanup goals. To foster such voluntary cleanups, CERCLA should provide a mechanism through which responsible parties may negotiate and sign cleanup agreements with the federal government without having to admit to causing an "imminent and substantial endangerment." These agreements must be fully enforceable and should have clauses allowing cleanup negotiations to be reopened in the event additional environmental risks are discovered, which were unknown at the time the original cleanup agreement was developed or in the event a remedial action selected proves to be inadequate to protect human health and the environment. If negotiations with responsible parties do not result in acceptable cleanup agreements within a reasonable period, EPA should undertake regular cleanup, enforcement, and cost recovery actions. This recommendation is not intended to have any effect on other parties' suits against potentially responsible parties.
- ~~4.2.14~~ **Land Disposal.** The Governors recognize that CERCLA can play an essential role in the development, application, and siting of alternative hazardous waste disposal technologies. To that end, the Governors believe that EPA should consider alternative hazardous waste disposal technologies—for both on-site and off-site application—as the preferred means of disposal with regard to CERCLA remedial actions. Additionally, the Governors believe that CERCLA should be amended to prohibit deep well injection and land burial of hazardous wastes removed from Superfund remedial action sites unless, consistent with P.L. 98-616, EPA determines that such disposal is acceptable under specified circumstances that protect human health and the environment.
- ~~4.2.15~~ **Capacity Assurance.** The Governors recognize the importance of ensuring that adequate capacity exists to safely treat or dispose of the nation's hazardous waste. The implementation of the capacity assurance requirements under the Superfund Amendments and Reauthorization Act is an important tool in achieving this goal. However, since states are limited in their legal ability to control the interstate transportation and handling of hazardous wastes, and since the act provided very ambitious

timetables for states to develop the necessary plans and agreements, the Governors recommend that states acting reasonably and in good faith to develop necessary disposal capacity and entering negotiations by the October 1989 deadline toward a mutual agreement with states to which they may export waste should not be penalized by loss of remedial action funding.

4.2.16 State Cleanups. Hazardous waste cleanups conducted under state authority should be eligible for the same exemption from the procedural burden of RCRA permits as cleanups conducted by EPA under CERCLA, provided that the substantive requirements of applicable state and federal laws are satisfied.

4.3 Superfund and RCRA

The Governors applaud Congress for approving the 1986 Superfund Amendments and Reauthorization Act (SARA) and look forward to continuing to work with Congress and the EPA to assure the timely and environmentally sound cleanup of the nation's hazardous waste sites.

The Governors strongly believe that Superfund and RCRA need to be administered in a coordinated manner to achieve the necessary protections for the public health and the environment while at the same time assuring a workable and cost effective waste disposal program. Although the 1986 Amendments made a number of improvements to the Superfund program, they also pose new problems which must be addressed in order to achieve the expeditious cleanup of hazardous waste sites.

The 1986 amendments include requirements for off-site disposal facilities receiving materials from Superfund sites. EPA has recently developed draft regulations for the National Contingency Plan (NCP) to implement the new provisions. EPA has clarified some issues which may have presented serious problems to implementing cleanups at Superfund sites. EPA has recognized that CERCLA waste includes "non-hazardous wastes," as defined by RCRA, and that these non-hazardous wastes can go to non-RCRA facilities which are in compliance with other applicable environmental laws.

The Governors support EPA on this decision and urge the agency to aggressively pursue implementing these rules. In the interim, the Governors call upon EPA to issue revised policy reflecting the proposed language of the NCP. This will allow projects which are currently stalled by this issue to continue.

The decision will preserve the valuable and shrinking capacity at the existing disposal facilities. It should also help to reduce the highly inflationary costs of cleanups and also employs sound environmental judgement.

The Governors also urge the EPA to expedite the establishment of a national tracking and reporting system to provide the states with timely and current information pertaining to acceptable disposal facilities. Because RCRA facilities may move in and out of compliance from month to month, states often do not know whether suitable disposal facilities are available. The lack of a workable national system for identifying acceptable disposal facilities has led to unnecessary delays in cleanup activities as well as increased costs.

A national tracking and reporting system would help to address these problems by providing states with current listings of acceptable disposal facilities. At the same time, an off-site disposal policy allowing the disposal of non-hazardous wastes at non-hazardous facilities would help reduce overall cleanup costs, retain limited RCRA capacity, and still provide the appropriate level of environmental and health protection.

In order to help states meet the federally mandated requirements of the community right to know and emergency response provisions of the Act in the manner consistent with their existing programs and laws, the Governors support the following:

- Federal funding for states to assist local and regional governmental bodies (counties, municipalities, regional planning groups) charged with preparing local emergency response plans, and collecting and disseminating hazardous substances data.
- The U.S. Environmental Protection Agency should allow states to use their existing chemical reporting forms, providing the forms meet minimum requirements, to implement provisions of Section 312 Emergency and Hazardous Chemical Inventory reporting.
- U.S. EPA should also consider the development of a national, uniform material safety data sheet, that can be used by all states and local government. This would relieve reporting burdens and facilitate computerization of data.
- The Federal Emergency Management Agency should allow states to use federal emergency management assistance funds in the implementation of Title III. Presently FEMA provides 50 percent matching funds to state and local jurisdictions to support essential personnel and

~~administrative expenses; however, it does not allow states to use FEMA funded personnel to work on Title III implementation.~~

- ~~Increased flexibility in the manner in which states may manage Section 305(a) emergency training grants. Section 305(a) of the Act authorizes FEMA to provide \$5,000,000 annually to states for fiscal 1987, 1988, 1989, and 1990 to support hazardous materials emergency response training programs. In awarding the 1987 grants, FEMA placed restrictions on the use of the funds regarding staffing and course development. The Governors support the following provisions: states should be allowed to use grants to support staff involved in grant administration and the operation and development of training programs; states should be allowed to use up to 50 percent of the training grant for region or state unique courses or permanent equipment; and states should be able to certify their own course instructors.~~

Time limited (effective August 1993-August 1995).

NR-6. TRANSPORTATION CONFORMITY WITH THE CLEAN AIR ACT

6.1 PREAMBLE

WITH THE ENACTMENT OF THE CLEAN AIR ACT AMENDMENTS OF 1990 AND THE INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF 1991 (ISTEA), CONGRESS TOOK STEPS TO ADVANCE TWO ESSENTIAL NATIONAL GOALS: ACHIEVING AIR QUALITY STANDARDS AND PROVIDING FOR THE TRANSPORTATION NEEDS OF THE AMERICAN PEOPLE.

THE GOVERNORS STRONGLY SUPPORT THE ATTAINMENT OF BOTH OF THESE GOALS AND BELIEVE THAT NEITHER SHOULD BE SACRIFICED IN PURSUIT OF THE OTHER. TO MEET AIR QUALITY STANDARDS AND PROVIDE A SAFE AND EFFICIENT TRANSPORTATION SYSTEM, STATE GOVERNMENTS MUST DEVISE WORKABLE AND ACCEPTABLE PROGRAMS THAT WILL MEET THE PARTICULAR NEEDS OF THE NATION'S MANY DIVERSE REGIONS.

6.2 CONFORMITY RULES

THE AMENDMENTS PROVIDE A SPECIFIC AND DETAILED SET OF REQUIREMENTS. THE ENVIRONMENTAL PROTECTION AGENCY (EPA), WITH THE CONCURRENCE OF THE U.S. DEPARTMENT OF TRANSPORTATION, MUST ESTABLISH RULES FOR ENSURING THE CONFORMITY OF FEDERALLY FUNDED TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS WITH THE REQUIREMENTS OF THE CLEAN AIR ACT.

THE GOVERNORS BELIEVE THAT THE CONFORMITY RULES MUST RESPECT THE ROLE OF THE GOVERNOR AS THE CHIEF ADMINISTRATIVE OFFICER OF THE STATE. MOREOVER, STATES SHOULD BE AFFORDED THE FLEXIBILITY TO MAKE THE LAW WORK EFFECTIVELY IN SPECIFIC SITUATIONS.

6.3 IMPACT OF IMPLEMENTATION

FEDERAL CONFORMITY REGULATIONS COULD ENTIRELY HALT TRANSPORTATION PROGRAMS AND RELATED ECONOMIC DEVELOPMENT IN SOME AREAS. FAILURE TO PROPERLY MANAGE TRANSPORTATION-RELATED AIR POLLUTANTS WILL RESULT IN THE TRANSFER OF SIGNIFICANT CONTROL COSTS FROM TRANSPORTATION PROGRAMS TO OTHER SECTORS.

EFFECTIVE IMPLEMENTATION OF THE CLEAN AIR ACT WILL REQUIRE TAKING INTO ACCOUNT EMISSIONS FROM SOURCES OF ALL TYPES. MEASURES

NECESSARY TO REDUCE EMISSIONS MAY IMPACT BUSINESS, INDUSTRY, AND INDIVIDUAL BEHAVIOR, AS WELL AS TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS. CONSEQUENTLY, IT IS CRITICAL THAT DECISIONS REGARDING TRANSPORTATION AND AIR QUALITY BE MADE BY THE GOVERNMENT LEADERS CLOSEST TO THE PROBLEM AND MOST DIRECTLY ACCOUNTABLE TO THOSE AFFECTED.

THEREFORE, THE GOVERNORS AFFIRM THEIR RESPONSIBILITY UNDER THE CLEAN AIR ACT TO SEE THAT TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS DO NOT CAUSE VIOLATION OF CLEAN AIR STANDARDS IN ANY AREA, WORSEN EXISTING VIOLATIONS, OR DELAY TIMELY ATTAINMENT OF CLEAN AIR OBJECTIVES.

IN PARTICULAR, THE POSITION OF THE GOVERNORS IS AS FOLLOWS.

- DECISIONS ON THE APPLICATION OF CONFORMITY SHOULD BE MADE BY EACH GOVERNOR, TAKING INTO ACCOUNT THE GEOGRAPHIC SCOPE OF THE CONFORMITY REQUIREMENT BEYOND NONATTAINMENT AND MAINTENANCE AREAS; THE APPLICATION OF CONFORMITY TO NONFEDERAL PROJECTS; AND THE APPLICATION OF CONFORMITY TO ACTIVE PROJECTS THAT ALREADY HAVE UNDERGONE ANALYSIS UNDER EPA'S INTERIM GUIDANCE AND FOR WHICH COMMITMENTS FOR PROJECT COMPLETION HAVE BEEN MADE.
- IF TRANSPORTATION CONTROL MEASURES INCLUDED IN THE STATE IMPLEMENTATION PLAN (SIP) ARE DELAYED OR FAIL TO PRODUCE THE ANTICIPATED EMISSION REDUCTIONS, THE SIP MAY BE REVISED AND/OR CONTINGENCY MEASURES MAY BE IMPLEMENTED IN A TIMELY MANNER, AS AN ALTERNATIVE TO DELAYING OTHER TRANSPORTATION PROJECTS.
- PRIOR TO THE ADOPTION OF A SIP ATTAINMENT STRATEGY, TRANSPORTATION PLANS, PROGRAMS, AND PROJECTS FOR NONATTAINMENT AREAS SHOULD BE REQUIRED TO DEMONSTRATE A CONTRIBUTION TO REDUCING EMISSIONS BY 15 PERCENT BY 1996. THIS SHOULD BE DEMONSTRATED BY SHOWING THAT THE PLAN AND THE TRANSPORTATION IMPROVEMENT PROGRAM (TIP) WILL PRODUCE LOWER EMISSIONS IN FUTURE YEARS THAN THE 1990 BASE, INCLUDING EMISSIONS ATTRIBUTED TO GROWTH.

THE GOVERNORS ALSO RECOGNIZE THAT SPECIAL CONSIDERATION NEEDS
TO BE GIVEN TO OZONE TRANSPORT REGIONS AND TO QUESTIONS OF
INTERSTATE EQUITY.

Time limited (effective August 1993-August 1995).

REAFFIRM

NR-7. RESEARCH, TECHNOLOGY, AND INNOVATION

7.1 Preamble

Agricultural research and the dissemination of research results are essential to the development and maintenance of a vital food system. Agricultural research must be supported commensurate with its economic and social importance.

Efficient result-oriented expenditure of agricultural research funds can be increased by state identification and coordination of common research goals; increased multistate projects; and shared demonstration projects to test the effectiveness of new technologies.

Technology application programs should integrate the production, marketing, and financial components of farm business with emerging food and fiber sector innovations, including biotechnological advances, transportation and telecommunications technologies, and food processing, marketing, and storage.

Because of continued pressure on research funding, the Governors support self-help efforts by commodity groups, in the form of checkoffs, provided there is adequate oversight. Checkoff funds should not be used for lobbying on policy matters.

7.2 Biotechnology

Future farm policy must be sensitive to biotechnological advances in animal and crop production. Federal efforts should be made to prepare our farmers for the applications of these new technologies.

7.3 Research

The Governors support biotechnology research as an important tool to U.S. competitiveness in world trade. The biotechnology revolution goes beyond geographical borders.

Producers must be informed of forthcoming technological advances that will continue to be the driving force in changing the way we farm. Trade and technology benefits will not be evenly distributed among producers. New job opportunities and a higher standard of living will be reaped by operations with access to capital, labor, and land at prices that permit a profit.

State agricultural programs can stimulate the development of useful new products through research, technical assistance, venture capital, and market analysis programs, including the development and marketing of value-added products such as ethanol fuels, kenaf (a newsprint substitute), and corn sweeteners.

Anticipating and managing change for a flexible, productive agricultural sector also will require a renewed commitment to cooperative federal-state efforts in science and technology, training and retraining, and economic development. Governors are committed to pursuing partnership opportunities to:

- target economic assistance based on need and farm characteristics, and not production levels, for the purposes of diversifying the rural economic base;
- ease the transition for farm families that are seeking technical assistance, training, and retraining;
- link scientific discovery to low-cost, efficient technology; and
- disseminate information on national and international marketing opportunities.

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Adopted August 1983; revised August 1986, July 1987, and August 1989 (formerly Policy G-3).

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1993 Annual Meeting

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Raymond C. Scheppach, Executive Director

Proposed Changes in Policy

Permanent Policy	Federalism	Page 2
Resolution	National Health Care Reform	Page 12

New language is typed double-spaced and in ALL CAPS.

The Executive Committee recommends the consideration of one new permanent policy position and one resolution. Background information and fiscal impact data follow.

1. Federalism (New Permanent Policy Position)

The Strategic Review Task Force recommended that NGA prioritize its policies on an annual basis and adopt interim policy as needed on specific and time-sensitive legislative issues. These actions would reduce the accumulation of myriad policies that are periodically reaffirmed and that continue beyond the terms of many Governors.

In addition, the task force suggested that some generic policies on federalism issues that have not changed over several years be adopted as "permanent" policy.

The proposed new permanent policy is essentially the same as the existing federalism and preemption policies.

This policy deals with the role of states in the federal system. It calls for a new partnership based on federal forbearance and the avoidance of federal preemption of traditional state roles.

The policy calls for federal reliance on state laws and procedures, as well as financial and program flexibility for states in administering federal initiatives. It states that federal actions should depend on risk-based priorities and cost-benefit analysis. A new section on unfunded mandates has been added.

2. National Health Care Reform (Resolution, based upon Policies C-27 and EC-5, as well as "State-Based Health Reform Initiatives: State/Federal Partnership Policy Interpretation," June 1992.)

The resolution reaffirms the Governors' commitment to national reform that recognizes the uniqueness of states within a comprehensive federal framework. It acknowledges the critical role of state-based initiatives in the development of national health policy and calls for a series of incremental reforms that could be pursued now and when necessary as part of comprehensive national health care reform legislation. The incremental reforms would continue to help states expand access to care as well as contain costs.

PERMANENT POLICY

1. FEDERALISM

1.1 PREAMBLE

THE AMERICAN FEDERAL SYSTEM ESTABLISHED A STRONG UNION WHILE PRESERVING THE DIVERSITY REFLECTED IN INDIVIDUAL STATES. STATE AND LOCAL GOVERNMENTS -- GOVERNMENTS CLOSE TO THE PEOPLE -- PROVIDE THE NEEDED OPPORTUNITIES FOR FLEXIBILITY AND INNOVATION, AND BY THEIR DECENTRALIZATION OF DECISIONMAKING AND RESPONSIVE NATURE, ENCOURAGE CITIZEN PARTICIPATION AND SUPPORT.

ALTHOUGH THERE IS A CLEAR NEED FOR A NATIONAL ROLE IN A VARIETY OF DOMESTIC ISSUES, THE PRINCIPLES OF LOCAL DETERMINATION AND DIVERSITY REQUIRE A CAREFUL BALANCE OF FEDERAL AND STATE ROLES. IT IS VITAL TO ENSURE THAT STATES HAVE THE AUTHORITY AND FLEXIBILITY NEEDED TO RESPOND TO THE NEEDS AND PRIORITIES OF THOSE WHO LIVE WITHIN THEIR BOUNDARIES.

WHILE RECOGNIZING THAT A STRONG NATIONAL GOVERNMENT WAS NECESSARY, THE ORIGINAL THIRTEEN STATES, IN ADOPTING THE UNITED STATES CONSTITUTION, INCLUDED PROVISIONS TO LIMIT THE POWER OF THE NATIONAL GOVERNMENT AND TO PRESERVE THE POWER AND AUTHORITY OF STATES. HOWEVER, THE AUTHORITY OF STATE GOVERNMENT HAS BEEN ERODED OVER TIME DUE TO CONSTITUTIONAL CHANGES, SUPREME COURT DECISIONS, AND LEGISLATIVE CHANGES. THE LEGISLATIVE CHANGES GENERALLY HAVE REDUCED STATE PREROGATIVES BY PREEMPTING STATE LAWS, BY CREATING UNFUNDED MANDATES, AND BY PRESCRIBING MINUTE MANAGEMENT AND ADMINISTRATIVE DETAILS FOR SPECIFIC FEDERAL ASSISTANCE PROGRAMS.

NOT ONLY HAS THERE BEEN A TREND TOWARD THE EROSION OF STATE AUTHORITY, BUT TWO SUPREME COURT DECISIONS, GARCIA V. SAN ANTONIO METROPOLITAN TRANSIT AUTHORITY AND SOUTH CAROLINA V. BAKER, CLEARED THE WAY FOR THIS TREND TO ACCELERATE. THESE TWO DECISIONS SUBSTANTIALLY REDUCED THE TENTH AMENDMENT PROTECTION FOR STATE AUTHORITY, FORCING STATES TO MAKE THEIR CASE WITH CONGRESS MUCH LIKE A SPECIAL INTEREST GROUP. THE KEY LANGUAGE IN THE GARCIA DECISION HOLDS THAT "THE LIMITS ARE STRUCTURAL, NOT SUBSTANTIVE, I.E., THAT

STATES MUST FIND PROTECTION FROM CONGRESSIONAL REGULATION THROUGH THE NATIONAL POLITICAL PROCESS, NOT THROUGH JUDICIALLY DEFINED SPACES OF UNREGULATED STATE ACTIVITY."

THE SUPREME COURT DECISION IN SOUTH CAROLINA CONFIRMED THE GARCIA DECISION. FURTHERMORE, IT ELIMINATED ANY REMAINING CONSTITUTIONAL PROTECTION REGARDING THE DOCTRINE OF INTERGOVERNMENTAL TAX IMMUNITY. THE LOSS OF RECIPROCAL TAX IMMUNITY, COUPLED WITH THE HUGE FEDERAL BUDGET DEFICIT, INCREASES THE PRESSURE ON CONGRESS TO CHANGE THE CURRENT LEGISLATION SO THAT A PART OR ALL OF THE INTEREST FROM GENERAL OBLIGATION BONDS WOULD BE SUBJECT TO FEDERAL INCOME TAXES. OTHER TAX ISSUES THAT ARE OF POTENTIAL CONCERN ARE THE LOSS OF DEDUCTIBILITY FOR STATE AND LOCAL INCOME TAXES (SALES TAXES ARE NO LONGER DEDUCTIBLE) AND THE POSSIBLE IMPOSITION OF A NATIONAL SALES TAX OR VALUE-ADDED TAX THAT WOULD PREEMPT THE STATES' MAJOR SOURCE OF REVENUE.

RECENTLY, THE SUPREME COURT'S TENTH AMENDMENT DECISIONS HAVE EVINCED A MORE POSITIVE TREND. IN GREGORY V. ASHCROFT, A STATUTORY CASE THAT INVOLVED A STATE'S AUTHORITY TO SET A MANDATORY RETIREMENT AGE FOR ITS JUDGES, THE COURT WENT OUT OF ITS WAY TO SPEAK APPROVINGLY OF OUR CONSTITUTIONAL SYSTEM OF "DUAL SOVEREIGNTY BETWEEN THE STATES AND THE FEDERAL GOVERNMENT." THE FOLLOWING TERM, IN NEW YORK V. UNITED STATES, THE COURT RESTORED AT LEAST SOME SUBSTANTIVE CONTENT TO THE TENTH AMENDMENT BY EXPRESSLY HOLDING THAT A PROVISION OF THE LOW-LEVEL RADIOACTIVE WASTE POLICY AMENDMENTS ACT OF 1985 WAS UNCONSTITUTIONAL BECAUSE IT COMPELLED STATES TO GOVERN ACCORDING TO CONGRESS' INSTRUCTIONS. "[E]VEN WHERE CONGRESS HAS THE AUTHORITY UNDER THE CONSTITUTION TO PASS LAWS REQUIRING OR PROHIBITING CERTAIN ACTS," THE COURT REASONED, "IT LACKS THE POWER DIRECTLY TO COMPEL THE STATES TO REQUIRE OR PROHIBIT THOSE ACTS."

IT IS TOO SOON TO TELL WHETHER GREGORY AND NEW YORK REPRESENT INITIAL STEPS IN A REVIVAL OF THE TENTH AMENDMENT OR WHETHER THEY ARE SIMPLY ONE MORE INSTANCE OF THE SUPREME COURT'S VACILLATION IN THIS AREA OF CONSTITUTIONAL DOCTRINE.

1.2 PROTECTING STATE AND LOCAL BORROWING CAPACITY

STATE AND LOCAL BONDS ARE A SIGNIFICANT REVENUE SOURCE FOR STATE AND LOCAL GOVERNMENTS. THE THREAT OF FEDERAL ACTION TO TAX THE INTEREST ON SUCH BONDS IN THE FUTURE MAY HAVE A MEASURABLE IMPACT ON THE COST AND AVAILABILITY OF SUCH FUNDING. ALTHOUGH NO CONGRESSIONAL ACTION HAS BEGUN TO IMPOSE SUCH A TAX, THE UNCERTAINTY REMAINS. THEREFORE, THE GOVERNORS CALL ON CONGRESS TO PERMANENTLY REMOVE THIS THREAT BY ADOPTING AND REFERRING TO STATES A CONSTITUTIONAL AMENDMENT THAT WOULD SPECIFICALLY EXEMPT STATE AND LOCAL BONDS FROM FEDERAL TAXATION.

1.3 CREATING A CONSENSUS FOR ACTION

THE CONTINUING FEDERAL DEFICIT, AND NOW THE HEALTH CARE CRISIS, WILL FORCE THE FEDERAL GOVERNMENT TO MAKE A NUMBER OF CRITICAL CHOICES RELATING TO THE FINANCING AND ADMINISTRATION OF GOVERNMENTAL PROGRAMS. MANY OF THESE DECISIONS WILL HAVE A FUNDAMENTAL EFFECT ON STATE AND LOCAL GOVERNMENTS AND THE QUALITY AND AVAILABILITY OF PUBLIC SERVICES THEY PROVIDE AND ADMINISTER.

SUCH DECISIONS SHOULD NOT BE MADE IN A VACUUM. THEREFORE, THE GOVERNORS CALL ON CONGRESS TO CONVENE A COMMISSION, COMPOSED OF MEMBERS DESIGNATED BY THE FEDERAL GOVERNMENT AND STATES, TO DEVELOP RECOMMENDATIONS ON THE STEPS NEEDED TO RETAIN OR RESTORE BALANCE IN THE FEDERAL SYSTEM. SUCH A COMMISSION SHOULD ADDRESS NOT ONLY THE ISSUES OF THE ALLOCATION OF INTERGOVERNMENTAL PROGRAMS, BUT ALSO THE SIMPLIFICATION OF INTERGOVERNMENTAL ADMINISTRATION AND THE PROTECTION OF STATE AND LOCAL REVENUE BASES.

THE GOVERNORS RECOGNIZE THAT RESOLUTION OF THE FEDERAL BUDGET DEFICIT ENTAILS PAINFUL SPENDING AND REVENUE CHOICES AND THAT SOME OF THESE CHOICES MAY HAVE ADVERSE EFFECTS ON ALL OR SOME STATES AND ON LOCAL GOVERNMENTS, AS WELL AS ON RECIPIENTS OF SERVICES OF FEDERALLY FUNDED PROGRAMS. THE GOVERNORS URGE THAT FEDERAL ACTIONS MINIMIZE SUCH IMPACTS AND TAKE INTO ACCOUNT THE EXTENT TO WHICH STATE AND LOCAL GOVERNMENTS HAVE CONTRIBUTED, DURING THE

PAST DECADE, TO FEDERAL BUDGET REDUCTION THROUGH LOWERED FEDERAL GRANT LEVELS AND SHIFTS OF FUNDING RESPONSIBILITIES TO THE STATE AND LOCAL SECTORS.

1.4 DEFINING THE FUTURE FEDERAL ROLE

TO ENSURE THAT LEGITIMATE DEMANDS FOR FEDERAL ACTIONS ARE MET IN A RESPONSIBLE MANNER AND THAT THE ROLE OF STATES AND LOCALITIES IS PRESERVED, SEVERAL STEPS ARE NEEDED.

1.4.1 STATE RESPONSIBILITY. THE GOVERNORS STRONGLY SUPPORT THE PRINCIPLES OF FEDERALISM, BUT THE PUBLIC WILL INSIST ON FEDERAL ACTION SHOULD STATES FAIL TO ACT COLLECTIVELY ON ISSUES OF LEGITIMATE CONCERN. THE STATES REAFFIRM THEIR STRONG COMMITMENT TO CONTINUED LEADERSHIP AND EFFECTIVE STATE ACTION.

1.4.2 FEDERAL PROTECTION AND SPECIAL POPULATIONS. THE STATES REAFFIRM THEIR SUPPORT FOR A FEDERAL ROLE IN ENSURING EQUALITY OF ACCESS AND DUE PROCESS. THE FEDERAL GOVERNMENT ALSO HAS A RESPONSIBILITY TO HELP STATES MEET THE NEEDS OF SPECIAL POPULATIONS.

1.4.3 FEDERAL FORBEARANCE. NOT ALL PROBLEMS REQUIRE A UNIFORM SOLUTION. PRIORITIES AND PREFERENCES MAY VARY FROM STATE TO STATE. THE LACK OF UNIVERSAL ACTION OR UNIFORM SOLUTIONS DOES NOT IN AND OF ITSELF PROVIDE A SUFFICIENT RATIONALE FOR FEDERAL ACTION. INSTEAD, GOVERNORS RECOMMEND THAT THE DEVELOPMENT OF FUTURE FEDERAL PROGRAMS BE GUIDED FIRST BY FIVE FUNDAMENTAL PRINCIPLES.

- FEDERAL ACTION SHOULD BE TAKEN WHERE CONSTITUTIONAL AUTHORITY FOR ACTION IS CLEAR AND CERTAIN.
- FEDERAL ACTION SHOULD BE LIMITED TO PROBLEMS THAT ARE NATIONAL IN SCOPE, WHERE THE NATIONAL INTEREST REQUIRES A UNIVERSAL OR UNIFORM SOLUTION, AND SHOULD NOT MERELY ADDRESS PROBLEMS THAT ARE COMMON TO ALL STATES.
- FEDERAL ACTION SHOULD BE SENSITIVE TO EACH STATE'S ABILITY TO BRING A UNIQUE BLEND OF RESOURCES AND APPROACHES TO COMMON PROBLEMS.
- UNLESS THE NATIONAL INTEREST IS AT RISK, FEDERAL ACTION SHOULD NOT PREEMPT ADDITIONAL STATE ACTION.

- FEDERAL ACTION SHOULD DEPEND ON RISK-BASED PRIORITIES AND COST-BENEFIT ANALYSIS AND SHOULD AVOID INFLEXIBLE EARMARKING.

1.4.4 UNFUNDED FEDERAL MANDATES. ALTHOUGH UNFUNDED FEDERAL MANDATES MAY REFLECT WELL INTENTIONED POLICY GOALS, THEY OFTEN IMPOSE SUBSTANTIAL COST AND REGULATORY BURDENS ON STATES. FEDERAL ACTION INCREASINGLY HAS RELIED MORE ON STATES TO CARRY OUT POLICY INITIATIVES, THEREBY ROBBING STATES OF THEIR RIGHT AND RESPONSIBILITY TO SET PRIORITIES AND DEVELOP POLICIES THAT BEST MEET LOCAL NEEDS. THE FOLLOWING ACTIONS ARE RECOMMENDED.

- CONGRESS SHOULD IMMEDIATELY PASS LEGISLATION TO REQUIRE THE CONGRESSIONAL BUDGET OFFICE TO REPORT ON THE COSTS OF MANDATES PRIOR TO CONGRESSIONAL ACTION.
- CONGRESS SHOULD DIRECT THE GENERAL ACCOUNTING OFFICE TO CONDUCT A STUDY EXAMINING LEGISLATION AND IMPLEMENTING REGULATIONS ENACTED IN THE 101ST, 102ND, AND 103RD CONGRESSES THAT CONTAIN UNFUNDED MANDATES. THE REPORT SHOULD INCLUDE THE ESTIMATED COSTS TO STATES, COUNTIES, AND CITIES IN IMPLEMENTING EACH OF THE MANDATES.
- THE GOVERNORS CALL ON MEMBERS OF CONGRESS TO OPPOSE, AND THE PRESIDENT TO VETO, LEGISLATION THAT IMPOSES FURTHER MANDATES WITHOUT ALSO PROVIDING ADEQUATE FUNDING TO COVER THE COSTS OF IMPLEMENTATION.

1.5 ENSURING PROGRAM FLEXIBILITY AND ACCOUNTABILITY

STEPS ALSO MUST BE TAKEN TO OVERCOME THE IMBALANCE THAT HAS RESULTED FROM THE RAPID EXPANSION OF FEDERAL PROGRAMS IN THE PAST. THE PROLIFERATION OF DETAILED FEDERAL PROGRAMS MUST BE ENDED, AND STATES MUST BE GIVEN GREATER FLEXIBILITY IN POLICYMAKING. TOWARD THESE ENDS, THE FOLLOWING CHANGES ARE RECOMMENDED.

- THE NUMBER OF JOINT FEDERAL-STATE PROGRAMS SHOULD BE REDUCED BY A SORTING OUT OF RESPONSIBILITIES BETWEEN THE TWO LEVELS OF GOVERNMENT.
- WHERE FEDERAL PROGRAMS ARE TO BE MAINTAINED, GRANT CONDITIONS SHOULD NOT BE USED TO FORCE STATE PROGRAM CHANGES

NOT RELATED TO THE SPECIFIC PURPOSES FOR WHICH THE GRANT IS PROVIDED, AND FEDERAL FUNDING SHOULD NOT ALWAYS REQUIRE STATE OR LOCAL MATCHING FUNDS.

- FEDERAL REGULATIONS SHOULD RELY ON STATE LAWS AND PROCEDURES FOR THE ADMINISTRATION OF FEDERAL PROGRAMS.
- WHERE A JOINT FEDERAL-STATE ROLE IS TO BE RETAINED, FEDERAL GRANTS SHOULD BE CONSOLIDATED INTO GENERAL BLOCK GRANTS.
- WHILE LOCAL GOVERNMENTS MUST BE ASSURED THAT RESOURCES WILL BE MADE AVAILABLE FOR PRIORITY NEEDS, SUCH AS CRIME CONTROL, THE FEDERAL GOVERNMENT SHOULD END THE BYPASSING OF STATE GOVERNMENTS.

AS A SPECIFIC STEP TOWARD THIS MORE RATIONAL ALLOCATION OF SERVICES, THE GOVERNORS SUPPORT THE FOLLOWING ACTION STEPS.

- ENACT A NATIONAL POLICY ON INCOME SECURITY FOR THE NEEDY WITH A LARGER FEDERAL RESPONSIBILITY IN EXCHANGE FOR REDUCED FEDERAL RESPONSIBILITIES IN OTHER AREAS.
- DEVELOP A NATIONAL PROGRAM OF MEDICAL CARE FOR THE NEEDY FINANCED BY FEDERAL RESOURCES.
- PROVIDE FUNDING FOR THESE PROGRAMS AND PRESERVE THE BALANCE OF COSTS WITHIN THE FEDERAL SYSTEM BY THE ORDERLY TURNOVER TO STATES OF A COMPARABLY PRICED SET OF PROGRAM RESPONSIBILITIES, SUCH AS EDUCATION, COMMUNITY DEVELOPMENT, TRANSPORTATION, AND SOCIAL SERVICES.
- ENSURE THAT ALL STATES HAVE THE FISCAL CAPACITY TO MEET THE REQUIREMENTS OF THE NATIONAL INCOME SECURITY POLICY AND OTHER FEDERAL GOALS.

1.6 ADMINISTERING INTERGOVERNMENTAL PROGRAMS

TO PROVIDE MAXIMUM FLEXIBILITY AND AN OPPORTUNITY FOR INNOVATION, AS WELL AS TO FOSTER ADMINISTRATIVE EFFICIENCY AND CROSS-PROGRAM COORDINATION, INTERGOVERNMENTAL GRANT LEGISLATION SHOULD BE DESIGNED TO MEET THE FOLLOWING PRINCIPLES.

1.6.1 GENERAL. THE FOLLOWING PRINCIPLES SHOULD APPLY.

- LEGISLATIVE AUTHORIZATION SHOULD BE KEPT CURRENT, AND ALL GRANT PROGRAMS SHOULD BE SUBJECT TO PERIODIC REVIEW.
- THERE SHOULD BE A CONGRESSIONAL DETERMINATION OF A COMPELLING NEED FOR FEDERAL ACTION.
- LEGISLATION SHOULD INCLUDE CLEAR STATEMENTS OF MEASURABLE PROGRAM OBJECTIVES TO REDUCE ADMINISTRATIVE CONFUSION AND FACILITATE JUDICIAL INTERPRETATION OF CONGRESSIONAL INTENT.
- STATES SHOULD BE ACTIVELY INVOLVED IN A COOPERATIVE EFFORT TO DEVELOP POLICY AND ADMINISTRATIVE PROCEDURES.
- GRANT REQUIREMENTS SHOULD BE TIED TO THE PURPOSE OF THE GRANT.

1.6.2 FINANCING. THE FOLLOWING PRINCIPLES SHOULD APPLY.

- FEDERAL REVENUES THAT ARE EARMARKED FOR FEDERAL AID PROGRAMS SHOULD BE MADE FULLY AVAILABLE FOR THE PURPOSES ENACTED.
- LEGISLATION SHOULD AUTHORIZE AND APPROPRIATE SUFFICIENT FUNDS TO MEET IDENTIFIED PROGRAM OBJECTIVES.
- FEDERAL ASSISTANCE FUNDS, INCLUDING FUNDS THAT WILL BE PASSED THROUGH TO LOCAL GOVERNMENTS, SHOULD FLOW THROUGH STATES ACCORDING TO STATE LAWS AND PROCEDURES.
- STATES SHOULD BE GIVEN FLEXIBILITY TO TRANSFER A LIMITED AMOUNT OF FUNDS FROM ONE GRANT PROGRAM TO ANOTHER, OR TO ADMINISTER RELATED GRANTS IN A CONSOLIDATED MANNER.
- FEDERAL ASSISTANCE APPROPRIATIONS SHOULD BE ENACTED ON A TIMELY BASIS, POSSIBLY EVEN ONE YEAR IN ADVANCE.
- FEDERAL FUNDS OR LETTERS OF CREDIT SHOULD BE PROVIDED IN A TIMELY MANNER.

1.6.3 ADMINISTRATIVE REQUIREMENTS. THE FOLLOWING PRINCIPLES SHOULD APPLY.

- FEDERALLY MANDATED ADMINISTRATIVE REQUIREMENTS SHOULD BE UNIFORM ACROSS FEDERAL AGENCIES AND PROGRAMS AND SHOULD ALLOW THE SUBSTITUTION OF COMPARABLE STATE REQUIREMENTS.

- FEDERAL GRANT PROGRAMS SHOULD NOT IMPOSE UNREIMBURSED ADMINISTRATIVE COSTS ON STATES OR LOCALITIES.
- CONGRESS SHOULD LIMIT ADMINISTRATIVE AUTHORITY OVER PLANNING AND REPORTING REQUIREMENTS BY SPECIFYING THE PRODUCT OF PLANNING RATHER THAN THE PROCESS, BY DELEGATING PLANNING TO EXISTING STATE ORGANIZATIONS, AND BY REQUIRING THAT REPORTING REQUIREMENTS BE CLEARLY JUSTIFIED.
- STATES SHOULD BE GIVEN BROAD FLEXIBILITY IN ESTABLISHING FEDERALLY MANDATED ADVISORY GROUPS, INCLUDING THE ABILITY TO COMBINE ADVISORY GROUPS FOR RELATED PROGRAMS.
- GOVERNORS SHOULD BE GIVEN THE AUTHORITY TO REQUIRE COORDINATION AMONG STATE EXECUTIVE BRANCH AGENCIES, OR BETWEEN LEVELS OR UNITS OF GOVERNMENT, AS A CONDITION OF THE ALLOCATION OR PASS-THROUGH OF FUNDS.
- FEDERAL GOVERNMENT MONITORING SHOULD BE OUTCOME-ORIENTED AND SHOULD NOT FOCUS ON PROCESS OR PROCEDURAL MEASURES.
- FEDERAL REPORTING REQUIREMENTS SHOULD BE MINIMIZED, AND STATES SHOULD BE ENCOURAGED TO DEVELOP COOPERATIVE REPORTING EFFORTS.
- THE FEDERAL GOVERNMENT SHOULD NOT DICTATE STATE OR LOCAL GOVERNMENT ORGANIZATION.
- STATES WITH PRIOR PROGRAMS AND ACCEPTABLE PERFORMANCE SHOULD BE EXCUSED FROM DETAILED FEDERAL REQUIREMENTS OR CERTIFIED AS MEETING FEDERAL REQUIREMENTS.
- FEDERAL AGENCIES SHOULD ACCEPT STATE AND LOCAL ADMINISTRATIVE STRUCTURES AND PROGRAM ADMINISTRATION.

1.7 AVOIDING FEDERAL PREEMPTION OF STATE LAWS AND POLICIES

THE CONSTITUTION ASSIGNS CERTAIN RESPONSIBILITIES TO THE FEDERAL GOVERNMENT AND RESERVES THE BALANCE TO STATES. ACCORDINGLY, THE ROLE OF THE FEDERAL GOVERNMENT IN AREAS RESERVED FOR STATES AND FOR LOCAL GOVERNMENTS SHOULD BE STRICTLY LIMITED. THERE SHOULD BE HIGHLY COMPELLING REASONS TO JUSTIFY FEDERAL ACTIONS THAT REQUIRE

CHANGES IN POLICIES ADOPTED BY STATE AND LOCAL OFFICIALS, WHO ARE ACCOUNTABLE TO THE SAME VOTERS AND WHOSE PERFORMANCE IS REVIEWED BY THEM AT LEAST AS OFTEN AS THE PERFORMANCE OF CONGRESS AND THE PRESIDENT.

IN CASES WHERE CONGRESS DETERMINES THAT FEDERAL PREEMPTION OF STATE LAWS IS IN THE NATIONAL INTEREST, THE FEDERAL STATUTE SHOULD ACCOMMODATE STATE ACTIONS TAKEN BEFORE ITS ENACTMENT. PROVISION SHOULD BE MADE TO PERMIT STATES THAT HAVE DEVELOPED STRICTER STANDARDS TO CONTINUE TO ENFORCE THEM AND TO PERMIT STATES THAT HAVE DEVELOPED SUBSTANTIALLY SIMILAR STANDARDS TO CONTINUE TO ADHERE TO THEM WITHOUT CHANGE.

THE PRINCIPLE OF AVOIDING PREEMPTION BY THE FEDERAL GOVERNMENT IN AREAS OF PRIMARY STATE RESPONSIBILITY IS APPLICABLE ACROSS THE BOARD, COVERING ISSUES SUCH AS EDUCATION; INSURANCE REGULATION; CRIME CONTROL; PRESERVATION OF THE DUAL BANKING SYSTEM; PRESERVATION OF STATE SECURITIES REGULATION, INCLUDING REGISTRATION, LICENSING, AND ENFORCEMENT ACTIVITIES; AND MANAGEMENT OF STATE PERSONNEL PROGRAMS.

INTEGRAL TO THE OPERATION OF STATE GOVERNMENT IS THE FREEDOM TO STRUCTURE STATE REVENUE SYSTEMS. IT IS ESSENTIAL THAT THE FEDERAL GOVERNMENT NOT PREEMPT, EITHER DIRECTLY OR INDIRECTLY, SOURCES OF STATE REVENUES, STATE TAX BASES, OR STATE TAXATION METHODS.

FOR EXAMPLE, INCREASES TO FEDERAL EXCISE TAXES, BY RAISING PRICES, REDUCE DEMAND AND THEREFORE REVENUE FROM EXISTING STATE EXCISE TAXES. AT THE SAME TIME, THE FEDERAL TAX PREEMPTS THE TAX BASE, RESTRICTING FUTURE STATE USE.

SIMILARLY, NEW FEDERAL EXCISE TAXES ON RAW MATERIALS RISK DISTORTING THE PRICES OF FINAL PRODUCTS, REDUCING ECONOMIC GROWTH, AND CAUSING INDUSTRIES AND STATES TO BEAR COSTS UNEQUALLY.

WHEN CONSIDERING EXCISE TAXES OR INCREASES IN EXCISE TAXES, CONGRESS SHOULD CAREFULLY CONSIDER THE FACT THAT THESE OPTIONS HAVE AN ADVERSE IMPACT ON STATES' ABILITY TO RAISE REVENUE OR RESULT

IN A DISPROPORTIONATE BURDEN AMONG VARIOUS STATES. WHERE FEDERAL COURT DECISIONS RESTRICT STATE TAX ACTIONS, CONGRESS SHOULD REVIEW THESE DECISIONS AND PROVIDE LEGISLATIVE RELIEF WHEN APPROPRIATE.

1.8 PRESERVING INTERGOVERNMENTAL COMMUNICATION

THE GOVERNORS RECOGNIZE THE NEED FOR OPEN COMMUNICATION AND THE FREE FLOW OF INFORMATION AMONG OFFICIALS AT ALL LEVELS OF GOVERNMENT. SUCH COMMUNICATION IS ESSENTIAL TO THE EFFECTIVE AND EFFICIENT IMPLEMENTATION AND ADMINISTRATION OF INTERGOVERNMENTAL PROGRAMS. THE GOVERNORS OPPOSE EFFORTS BY THE FEDERAL GOVERNMENT TO RESTRICT EMPLOYEES OF STATE AND LOCAL GOVERNMENTS FROM COMMUNICATING WITH MEMBERS OF CONGRESS AND OTHER FEDERAL OFFICIALS. ALTHOUGH FEDERAL FUNDS SHOULD NOT BE USED TO RETAIN PRIVATE INDIVIDUALS AND FIRMS TO INFLUENCE FEDERAL LEGISLATION AND REGULATIONS, FEDERAL STATUTES AND REGULATIONS SHOULD SPECIFICALLY EXEMPT EMPLOYEES OF STATE AND LOCAL GOVERNMENTS FROM THE RESTRICTIONS ON LOBBYING THE FEDERAL GOVERNMENT.

1.9 CONCLUSION

THE GOVERNORS RECOGNIZE THE UNIQUE NATURE OF THE FEDERAL SYSTEM AND THE CRITICAL IMPORTANCE OF DEVELOPING A CLOSE WORKING RELATIONSHIP WITH OUR FEDERAL PARTNER. WE RECOGNIZE AND SUPPORT A CONTINUED FEDERAL ROLE IN PROTECTING THE BASIC RIGHTS OF ALL OUR CITIZENS AND IN ADDRESSING ISSUES BEYOND THE CAPACITY OF INDIVIDUAL STATES. AT THE SAME TIME, THE FEDERAL GOVERNMENT MUST RECOGNIZE THAT THERE ARE PROBLEMS THAT CAN BE BEST ADDRESSED AT THE STATE AND LOCAL LEVELS.

THE GOVERNORS ARE COMMITTED TO A REVITALIZED AND STRONG PARTNERSHIP WITH CONGRESS AND THE ADMINISTRATION TO BRING A NEW BALANCE TO FEDERALISM. WE BELIEVE THESE ISSUES ARE CRUCIAL TO THE FUTURE VIABILITY OF OUR SEPARATE GOVERNMENTS AND TO A REVIVAL OF CITIZEN PARTICIPATION IN THE AFFAIRS OF GOVERNMENT.

RESOLUTION*

NATIONAL HEALTH CARE REFORM

THE AMERICAN HEALTH CARE SYSTEM IS IN CRISIS. COSTS ARE INCREASING AT ABOUT 10 PERCENT EACH YEAR; HEALTH CARE CURRENTLY ACCOUNTS FOR MORE THAN 14 PERCENT OF GROSS DOMESTIC PRODUCT; AND MORE IS SPENT, PER CAPITA, ON HEALTH CARE IN AMERICA THAN IN ANY OTHER NATION IN THE WORLD. THIS CONDITION IS UNTENABLE, AND A NATIONAL SOLUTION TO THIS CRISIS MUST BE FOUND.

THE GOVERNORS ARE COMMITTED TO NATIONAL REFORM AND SUPPORT A SOLUTION THAT RECOGNIZES THE UNIQUENESS OF STATES WITHIN A COMPREHENSIVE FEDERAL FRAMEWORK. THEY REMAIN COMMITTED TO WORKING WITH THE PRESIDENT AND CONGRESS TO ACHIEVE SUCH A STRUCTURE AND ARE CONFIDENT THAT IT WILL SOON BECOME A REALITY. THE GOVERNORS ALSO BELIEVE THAT STATE-BASED HEALTH CARE INITIATIVES WILL CONTINUE TO PLAY A SIGNIFICANT ROLE IN THE DEVELOPMENT OF NATIONAL HEALTH POLICY. STATE-BASED REFORMS SERVE AS TESTIMONY TO THE IMPORTANCE OF STATES AS LABORATORIES FOR FEDERAL POLICY. COMPREHENSIVE STRATEGIES HAVE BEEN IMPLEMENTED IN A NUMBER OF STATES, WHILE OTHER STATES HAVE ACHIEVED SMALLER SCALE REFORMS. MANY OF THESE SMALLER REFORMS HAVE FOCUSED ON INCREASING THE AVAILABILITY AND AFFORDABILITY OF INSURANCE FOR SMALL BUSINESSES.

HOWEVER, IN THE FACE OF EVER-INCREASING HEALTH CARE COSTS, STATES MUST MOVE AHEAD ON A PARALLEL TRACK OF CHANGE. THE ISSUES OF ACCESS, COST CONTAINMENT, AND PUBLIC HEALTH PERSIST,

AND STATES MUST HAVE THE ABILITY TO TAKE ACTION TO ADDRESS THESE PROBLEMS PRIOR TO THE FINAL REFORM. THEY SIMPLY CANNOT AFFORD TO SIT STILL. NOTWITHSTANDING THE OVERALL INCREASES IN HEALTH CARE COSTS, UNFUNDED FEDERAL MEDICAID MANDATES IN THE LAST DECADE HAVE SHIFTED HUNDREDS OF MILLIONS OF DOLLARS IN HEALTH COSTS TO STATE BUDGETS, THEREBY PREVENTING STATES FROM INVESTING RESOURCES IN WORTHY, INNOVATIVE HEALTH PROGRAMS.

STATES ARE WILLING AND READY TO ADDRESS SOME OF THESE HEALTH CARE PROBLEMS NOW, AND THE FEDERAL GOVERNMENT SHOULD NOT ACT AS AN IMPEDIMENT TO THE IMPLEMENTATION OF THESE REFORMS. UNFORTUNATELY, IN MANY CASES FEDERAL LAWS AND REGULATIONS PROHIBIT STATES FROM PURSUING VARIOUS HEALTH REFORM STRATEGIES.

THE GOVERNORS PLEDGE TO CONTINUE WORKING WITH THE PRESIDENT AND CONGRESS TO TAKE THE NECESSARY LEGISLATIVE AND REGULATORY ACTION TO FACILITATE STATE-BASED INCREMENTAL CHANGE. THE FOLLOWING REFORMS SHOULD BE PURSUED NOW AND, WHERE NECESSARY, INCORPORATED INTO COMPREHENSIVE HEALTH CARE REFORM LEGISLATION.

- PERMIT STATES TO IMPLEMENT MEDICAID MANAGED CARE PROGRAMS THROUGH STATE PLAN AMENDMENTS RATHER THAN THROUGH THE CUMBERSOME WAIVER PROCESS. AS THE NATION MOVES AWAY FROM FEE-FOR-SERVICE MEDICINE AND TOWARD ORGANIZED SYSTEMS OF CARE, THE FEDERAL GOVERNMENT SHOULD REMOVE THE STATUTORY AND REGULATORY BARRIERS THAT NOW HINDER STATE DEVELOPMENT OF MANAGED CARE SYSTEMS IN MEDICAID. FOR MORE THAN TEN YEARS, STATES HAVE

DEMONSTRATED SUCCESSFULLY, THROUGH WAIVERS, THEIR ABILITY TO PROVIDE CARE THROUGH SUCH SYSTEMS.

- STREAMLINE FEDERAL APPROVAL OF STATE WAIVERS REQUIRED FOR STATE REFORM EFFORTS AND EXPEDITE PERMANENT STATUS APPROVAL FOR STATE WAIVER PROGRAMS ONCE THEIR EFFECTIVENESS HAS BEEN DEMONSTRATED.
- ESTABLISH, IN COOPERATION WITH STATES, NATIONAL UNIFORM MINIMUM STANDARDS FOR HEALTH INSURANCE. SUCH MINIMUM STANDARDS SHOULD ADDRESS, AT A MINIMUM, GUARANTEED ISSUE, RENEWAL, AND PORTABILITY OF HEALTH INSURANCE COVERAGE; EXPERIENCE RATING AND RISK SHARING; AND REDLINING PRACTICES.
- PROVIDE STATES WITH CLEAR AUTHORITY TO ENSURE THAT STATE-BASED SMALL GROUP INSURANCE PURCHASING POOLS HAVE CONSUMER PROTECTIONS AND ARE FINANCIALLY VIABLE.
- ESTABLISH WAIVER PROVISIONS IN THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) SO THAT STATES HAVE THE OPPORTUNITY TO INCLUDE SELF-INSURED PLANS IN STATE-BASED REFORM PROGRAMS.
- ESTABLISH, IN COOPERATION WITH STATES, NATIONAL UNIFORM MINIMUM STANDARDS FOR MEDICAL TORT REFORM. IDEALLY, SUCH TORT REFORM WILL RESULT IN A DECREASE IN THE PRACTICE OF DEFENSIVE MEDICINE WHILE ENSURING APPROPRIATE LEVELS OF COMPENSATION FOR PATIENTS INJURED BY MEDICAL NEGLIGENCE.
- REFORM CURRENT FEDERAL ANTITRUST STATUTES SO THAT STATES MAY ESTABLISH PARTNERSHIPS AND LIMITED DATA SHARING AMONG COMPETING PROVIDERS.

- PROVIDE ASSISTANCE IN STRENGTHENING THE PRIMARY AND PREVENTIVE CARE INFRASTRUCTURE AND PROVIDE INCENTIVES FOR STUDENTS TO SERVE IN PRIMARY AND PREVENTIVE CARE PROFESSIONS.

TAKEN TOGETHER, THESE LEGISLATIVE AND REGULATORY REFORMS WILL NOT ONLY PERMIT STATES TO CONTINUE THEIR EFFORTS AT EXPANDING ACCESS AND CONTROLLING COSTS, BUT ALSO WILL PROVIDE THE FEDERAL GOVERNMENT WITH MODELS FOR THE ANTICIPATED NATIONAL COMPREHENSIVE REFORM.

* Based upon Policies C-27 and EC-5, as well as "State-Based Health Reform Initiatives: State/Federal Partnership Policy Interpretation," June 1992.

The Mitchell Doctrine

2/18/92

Why is it bipartisan for the President to demand that his plan be adopted, but partisan for [the other party] to demand that their plan be adopted? Do we live in a monarchy? Is the President a President, or is he a king? Are we required by some law to accept whatever the President proposes without any opportunity for discussion, debate or suggestion of constructive alternatives? And if we so disagree with some aspect of the President's plan, if we believe it truly and sincerely harmful to the long-range interests of the country, are we somehow obligated to stand silent and adopt the President's plan lest we be accused of partisanship?

Candidate Clinton: "Momma Would Have Spanked Me"

On August 27, 1992, in San Antonio, candidate Clinton said:

"The other thing the President did a great job of was blame Congress. He said... 'It's all Congress' fault' Huh. If I'd have said stuff like that when I was a little boy, my momma would have spanked me. But he said, you know 'what do you expect me to do? I'm just the President of the United States. Those mean old people in Congress, they won't do anything.'"

Republicans for stalling his motor voter legislation, and his national service legislation. As you know, the motor voter bill did pass, and the national service legislation conference committee report will probably be approved soon after we return.

But the fact is that Republicans didn't kill these bills--we made them better. I still oppose the motor voter legislation as another unnecessary and unfunded mandate on the states, but the legislation was made more palatable and more fair because Republicans made concerns and offered amendments. And the same is true of the national service legislation.

Again, let me repeat that the philosophy of the House and Senate Republicans is not to oppose everything that President Clinton proposes. In fact, on issues like NAFTA, or the Russian Reconstruction Program, I suspect that the President may find more Republican votes than Democrat votes.

My job is not to throw rocks at the White House. My job is to represent Kansans and Americans the best way I know can. And when flawed legislation reaches the Senate, then I'll try and improve it. And when what I consider is just plain bad legislation reaches the Senate, then I believe it's my job to try and stop it.

And the motto of the Republican Party these next three years has to be more than "We oppose President Clinton." We have to communicate with the American people what we stand for as a party--and, yes, polls show that we have to do a better job at doing that.

Now, the Republican Party is not just one giant organization, where we all speak and believe alike. It's a tough job as Senate Republican Leader to try and unite philosophies as different as Jim Jeffords of Vermont and Malcolm Wallop of Wyoming.

But, by and large, I think Republicans can agree on the following principles.

First and foremost, we are the party that wants to cut spending first. We can point the finger of blame on who is responsible for our national deficit for as long as we want, but that won't help one bit in putting our fiscal house in order.

And I can say it no more plainly than saying that the American people simply don't trust the government. They think it's bloated, and that it wastes money by the millions. And until they believe that government is doing everything possible to cut spending and to live within its means, then they're not going to support anything else we do.

And just as Republicans believe in government responsibility, we also believe in individual responsibility.

And that means a criminal justice system that makes

TO: Whit
FR: Kerry

Whit--Some thoughts for the Senator's speech to the Governors. I think there's some useful material in here.

I appreciate the opportunity to be with you today. As you may know, I've been up in New Hampshire for a few days, and Governor Merrill will be glad to know--or maybe he won't--that everything is running just fine in his absence.

I do want to congratulate Carroll Campbell, as he assumes the Chairmanship of the NGA. I am proud to serve in the Senate with one of Carroll's predecessors in the South Carolina governor's mansion--Senator Strom Thurmond.

Strom told me the other day that he's a bit frustrated with the Senate and is thinking about going home to run for Governor after Carroll finishes his second term. Strom figured out he can serve two terms and then retire just before he hits 100.

Word did filter back to New Hampshire that President Clinton was with you yesterday. I know this is a bi-partisan gathering, and I want to try today to be my usual bi-partisan self.

I want to begin by saying a few words about President Clinton, who many of you know very well from his days in Little Rock. I like President Clinton. And he likes me. That's one thing we agree on.

And I have to admit that my respect for President Clinton went up when I saw that he had the courage to play golf with former President Ford out in Colorado.

President Clinton used this occasion to tell the media that this was another example of him reaching out to the Republican party, and that the time for partisan game playing was over.

That has been a refrain the President, Senate Majority Leader Mitchell, Speaker Foley, and some in the media have returned to again and again in recent weeks.

When something goes wrong they blame the Republicans in the Senate and the Republicans in the House, and they say that we are responsible for "gridlock." In fact, Senator Mitchell once called me Mr. Gridlock. But when I received an honorary doctorate from Colby College in May this summer, I insisted he call me Dr. Gridlock.

And I often find myself quoting Senator Mitchell these days. I'm particularly fond of a speech he gave on the Senate floor just a few years ago when President Bush was in the White House.

Senator Mitchell rose to defend the fact that the Democrat majority in the House and Senate refused to even consider many of President Bush's legislative initiatives, such as the capital

gains tax reduction.

And Senator Mitchell said something to the effect of "Is the President a President, or is he a King?"...And he went on to say that the Senate had a right to alter, change, or outright kill any legislation the President proposed.

And now we are hearing a different tune. Now Senator Mitchell tells us that my 43 Republican colleagues and I are irrelevant to the process. Our role is to meekly stand by and rubber stamp whatever President Clinton proposes, no matter if we think it's good for America or bad for America.

I know that the American people are frustrated with Washington, D.C. I know that get tired of seeing Democrats and Republicans fight. But it seems to me that the two party system has served America pretty well over the years, and I'm not quite ready to say that the U.S. Constitution should be changed so that the House and Senate are like Nebraska's unicameral legislature.

Let me say to Governor Nelson that I would support a fact-finding mission to Lincoln, however.

My point is this. Politics is all about ideas. And it's been my experience over the years that one person--be they President or Senator or Governor--does not have sole claim on all the good ideas, or on how to make America better.

And I don't see anything wrong with a little competition among ideas and philosophies. We had a little debate over a century ago here in America about slavery. For many years, the Democrats and the Whigs both supported the idea. And then, the Republican Party was founded, and one of its guiding principles was opposition to slavery. And there was a competition of ideas.

And I remember that President Clinton also played a role in one of the most polarizing issues of our time--Vietnam. At first, everyone was pretty much of one opinion...but then, the parties put forward two differing philosophies on Vietnam, and a great many political careers were changed.

The economic debate we've been having these past few weeks is not of the same magnitude as these issues, but it's pretty important to the future of this nation. And what Republicans are doing is not opposing President Clinton for the sport of it, rather we're doing what's been done in America for the past two centuries--we're advancing competing ideas...competing philosophies.

And at it's heart, the debate over the President's budget springs from a fundamental difference in philosophies. You've heard the arguments pro and con, so I don't need to go into that. Suffice to say that Republicans believe that the American people want to cut spending first, and whatever you can say about the President's budget, you can't say that it cuts spending first...or second...or third.

The President and some in the media have also criticized

Leavitt <i>Utah</i>	King <i>New Mexico</i>	Rossello <i>Puerto Rico</i>	Savage <i>Guest</i>	Fraser <i>Guest</i>	Hamilton <i>Guest</i>	Connor <i>Guest</i>	Kleman <i>Guest</i>	Todd <i>Guest</i>	Stroger <i>Guest</i>	Waihee <i>Hawaii</i>	Walters <i>Oklahoma</i>	Sullivan <i>Wyoming</i>	
Andrus <i>Idaho</i>	<div><div><div><div><div><div>National Governors' Association</div><div>1993 Annual Meeting</div><div>Plenary Session</div><div>Tuesday, August 17, 1993</div><div>Seating Chart</div></div></div><div><div><div><div><div><div>Chairman's View</div></div></div></div></div></div></div></div></div>												Lowry <i>Washington</i>
Racicot <i>Montana</i>													Miller <i>South Dakota</i>
Schafer <i>North Dakota</i>													Miller <i>Nevada</i>
Nelson <i>Nebraska</i>													Finney <i>Kansas</i>
Caperton <i>West Virginia</i>													Carlson <i>Minnesota</i>
Wilson <i>California</i>													Thompson <i>Wisconsin</i>
McKernan <i>Maine</i>													Engler <i>Michigan</i>
Edgar <i>Illinois</i>													Carnahan <i>Missouri</i>
Bayh <i>Indiana</i>													Fordice <i>Mississippi</i>
Voinovich <i>Ohio</i>													McWherter <i>Tennessee</i>
Jones <i>Kentucky</i>													Dean <i>Vermont</i>
Sundlun <i>Rhode Island</i>													Hunt <i>North Carolina</i>

Merrill <i>New Hampshire</i>	Schaefer <i>Maryland</i>	Florio <i>New Jersey</i>	Carper <i>Delaware</i>	Segal <i>Guest</i>	Romer <i>Chairman</i>	Podium	Campbell <i>Vice Chairman</i>	Dole <i>Guest</i>	Singel <i>Pennsylvania</i>	Miller <i>Georgia</i>	Weld <i>Massachusetts</i>	Wilder <i>Virginia</i>
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RESOLUTION*

NATIONAL HEALTH CARE REFORM

THE AMERICAN HEALTH CARE SYSTEM IS IN CRISIS. COSTS ARE INCREASING AT ABOUT 10 PERCENT EACH YEAR; HEALTH CARE CURRENTLY ACCOUNTS FOR MORE THAN 14 PERCENT OF GROSS DOMESTIC PRODUCT; AND MORE IS SPENT, PER CAPITA, ON HEALTH CARE IN AMERICA THAN IN ANY OTHER NATION IN THE WORLD. THIS CONDITION IS UNTENABLE, AND A NATIONAL SOLUTION TO THIS CRISIS MUST BE FOUND.

THE GOVERNORS ARE COMMITTED TO NATIONAL REFORM AND SUPPORT A SOLUTION THAT RECOGNIZES THE UNIQUENESS OF STATES WITHIN A COMPREHENSIVE FEDERAL FRAMEWORK. THEY REMAIN COMMITTED TO WORKING WITH THE PRESIDENT AND CONGRESS TO ACHIEVE SUCH A STRUCTURE AND ARE CONFIDENT THAT IT WILL SOON BECOME A REALITY. THE GOVERNORS ALSO BELIEVE THAT STATE-BASED HEALTH CARE INITIATIVES WILL CONTINUE TO PLAY A SIGNIFICANT ROLE IN THE DEVELOPMENT OF NATIONAL HEALTH POLICY. STATE-BASED REFORMS SERVE AS TESTIMONY TO THE IMPORTANCE OF STATES AS LABORATORIES FOR FEDERAL POLICY. COMPREHENSIVE STRATEGIES HAVE BEEN IMPLEMENTED IN A NUMBER OF STATES, WHILE OTHER STATES HAVE ACHIEVED SMALLER SCALE REFORMS. MANY OF THESE SMALLER REFORMS HAVE FOCUSED ON INCREASING THE AVAILABILITY AND AFFORDABILITY OF INSURANCE FOR SMALL BUSINESSES.

HOWEVER, IN THE FACE OF EVER-INCREASING HEALTH CARE COSTS, STATES MUST MOVE AHEAD ON A PARALLEL TRACK OF CHANGE. THE ISSUES OF ACCESS, COST CONTAINMENT, AND PUBLIC HEALTH PERSIST,

AND STATES MUST HAVE THE ABILITY TO TAKE ACTION TO ADDRESS THESE PROBLEMS PRIOR TO THE FINAL REFORM. THEY SIMPLY CANNOT AFFORD TO SIT STILL. NOTWITHSTANDING THE OVERALL INCREASES IN HEALTH CARE COSTS, UNFUNDED FEDERAL MEDICAID MANDATES IN THE LAST DECADE HAVE SHIFTED HUNDREDS OF MILLIONS OF DOLLARS IN HEALTH COSTS TO STATE BUDGETS, THEREBY PREVENTING STATES FROM INVESTING RESOURCES IN WORTHY, INNOVATIVE HEALTH PROGRAMS.

STATES ARE WILLING AND READY TO ADDRESS SOME OF THESE HEALTH CARE PROBLEMS NOW, AND THE FEDERAL GOVERNMENT SHOULD NOT ACT AS AN IMPEDIMENT TO THE IMPLEMENTATION OF THESE REFORMS. UNFORTUNATELY, IN MANY CASES FEDERAL LAWS AND REGULATIONS PROHIBIT STATES FROM PURSUING VARIOUS HEALTH REFORM STRATEGIES.

THE GOVERNORS PLEDGE TO CONTINUE WORKING WITH THE PRESIDENT AND CONGRESS TO TAKE THE NECESSARY LEGISLATIVE AND REGULATORY ACTION TO FACILITATE STATE-BASED INCREMENTAL CHANGE. THE FOLLOWING REFORMS SHOULD BE PURSUED NOW AND, WHERE NECESSARY, INCORPORATED INTO COMPREHENSIVE HEALTH CARE REFORM LEGISLATION.

- PERMIT STATES TO IMPLEMENT MEDICAID MANAGED CARE PROGRAMS THROUGH STATE PLAN AMENDMENTS RATHER THAN THROUGH THE CUMBERSOME WAIVER PROCESS. AS THE NATION MOVES AWAY FROM FEE-FOR-SERVICE MEDICINE AND TOWARD ORGANIZED SYSTEMS OF CARE, THE FEDERAL GOVERNMENT SHOULD REMOVE THE STATUTORY AND REGULATORY BARRIERS THAT NOW HINDER STATE DEVELOPMENT OF MANAGED CARE SYSTEMS IN MEDICAID. FOR MORE THAN TEN YEARS, STATES HAVE

DEMONSTRATED SUCCESSFULLY, THROUGH WAIVERS, THEIR ABILITY TO PROVIDE CARE THROUGH SUCH SYSTEMS.

- STREAMLINE FEDERAL APPROVAL OF STATE WAIVERS REQUIRED FOR STATE REFORM EFFORTS AND EXPEDITE PERMANENT STATUS APPROVAL FOR STATE WAIVER PROGRAMS ONCE THEIR EFFECTIVENESS HAS BEEN DEMONSTRATED.
- ESTABLISH, IN COOPERATION WITH STATES, NATIONAL UNIFORM MINIMUM STANDARDS FOR HEALTH INSURANCE. SUCH MINIMUM STANDARDS SHOULD ADDRESS, AT A MINIMUM, GUARANTEED ISSUE, RENEWAL, AND PORTABILITY OF HEALTH INSURANCE COVERAGE; EXPERIENCE RATING AND RISK SHARING; AND REDLINING PRACTICES.
- PROVIDE STATES WITH CLEAR AUTHORITY TO ENSURE THAT STATE-BASED SMALL GROUP INSURANCE PURCHASING POOLS HAVE CONSUMER PROTECTIONS AND ARE FINANCIALLY VIABLE.
- ESTABLISH WAIVER PROVISIONS IN THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) SO THAT STATES HAVE THE OPPORTUNITY TO INCLUDE SELF-INSURED PLANS IN STATE-BASED REFORM PROGRAMS.
- ESTABLISH, IN COOPERATION WITH STATES, NATIONAL UNIFORM MINIMUM STANDARDS FOR MEDICAL TORT REFORM. IDEALLY, SUCH TORT REFORM WILL RESULT IN A DECREASE IN THE PRACTICE OF DEFENSIVE MEDICINE WHILE ENSURING APPROPRIATE LEVELS OF COMPENSATION FOR PATIENTS INJURED BY MEDICAL NEGLIGENCE.
- REFORM CURRENT FEDERAL ANTITRUST STATUTES SO THAT STATES MAY ESTABLISH PARTNERSHIPS AND LIMITED DATA SHARING AMONG COMPETING PROVIDERS.

- PROVIDE ASSISTANCE IN STRENGTHENING THE PRIMARY AND PREVENTIVE CARE INFRASTRUCTURE AND PROVIDE INCENTIVES FOR STUDENTS TO SERVE IN PRIMARY AND PREVENTIVE CARE PROFESSIONS.

TAKEN TOGETHER, THESE LEGISLATIVE AND REGULATORY REFORMS WILL NOT ONLY PERMIT STATES TO CONTINUE THEIR EFFORTS AT EXPANDING ACCESS AND CONTROLLING COSTS, BUT ALSO WILL PROVIDE THE FEDERAL GOVERNMENT WITH MODELS FOR THE ANTICIPATED NATIONAL COMPREHENSIVE REFORM.

- * Based upon Policies C-27 and EC-5, as well as "State-Based Health Reform Initiatives: State/Federal Partnership Policy Interpretation," June 1992.

CONFERENCE BUDGET RATIOS

(\$ BILLIONS)

	1994	1995	1996	1997	1998	TOTAL
SPENDING REDUCTIONS	—(*)	—4	—20	—38	—57	—120
INCREASES IN TAXES AND USER FEES	32	46	52	64	62	255
RATIO OF TAXES TO SPENDING REDUCTION	Not Applicable	\$10.66 to \$1	\$2.66 to \$1	\$1.66 to \$1	\$1.08 to \$1	\$2.13 to \$1
INTEREST SAVINGS	—1	—4	—9	—15	—23	—53
GRAND TOTAL	—33	—55	—80	—117	—142	—428

NOTE: (*) Less than \$50 million.

Prepared by SBC Minority Staff, 05—Aug—93 .

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And it also means an economy where individual initiative and drive--and not the heavy hand of government mandates--determines who succeeds and who doesn't.

At it's heart, the Republican philosophy is one that believes as much decision making power as possible should rest not with the federal government, but with state and local government, and most of all, with our citizens. And it is that philosophy which will guide us in the upcoming debate on health care.

(Whit--some of the "security" material would also fit in here)

Let me just end by saying that everyone of us in this room has the same goal...and everyone of us got involved in politics for the same reason...because we wanted to build a better state or a better America.

We may have different ideas on how to achieve that...and we may have different visions on what a better America actually is...but that battle of competing philosophies is what has made our country great, and what so many other nations have finally achieved.

I remember a few years back when my wife and I visited the shipyards in Gdansk, Poland with Lech Walesa, who was then just an electrician. And Walesa said that the definition of a Communist economy was "100 workers standing around one shovel." What Poland needed, he said, was 100 shovels and 100 workers.

As the issues of our day are debated in Washington and in your state capitols, don't be led to believe that America would be for the better with 100 Senators standing around one idea. It is far better for America and our future--even if it is messier--for 100 Senators to be advancing 100 ideas.



AUGUST 17, 1993

**THANK YOU FOR INVITING
ME TO APPEAR ON YOUR
PROGRAM.**

**I KNOW YOU HAVE ALREADY
HEARD FROM MY FORMER
COLLEAGUE, VICE PRESIDENT
GORE, AND YOUR FORMER
COLLEAGUE, PRESIDENT**

**CLINTON. FIRST, I WANT TO
JOIN THE PRESIDENT IN
RECOGNIZING THE TRAGIC LOSS
OF YOUR FORMER COLLEAGUE
AND MY FRIEND GEORGE
MICKELSON. GOVERNOR
MICKELSON WAS A GOOD MAN
AND A DISTINGUISHED PUBLIC
SERVANT WITH A BRIGHT
FUTURE, AND I KNOW HE IS**

**MISSED HERE AS HE IS IN HIS
NATIVE SOUTH DAKOTA.**

**AS THE REPUBLICAN
LEADER OF THE U.S. SENATE, I
AM ALWAYS EAGER TO VISIT
WITH OUR NATION'S
GOVERNORS. YOU AND I SHARE
A COMMON CONCERN ABOUT
THE DIRECTION OF THE**

**FEDERAL GOVERNMENT. THAT
CONCERN IS ROOTED IN OUR
MUTUAL INTEREST IN SEEING
THE FEDERAL GOVERNMENT
FOCUS ON ITS MOST
FUNDAMENTAL
RESPONSIBILITIES -- TO INSURE
DOMESTIC TRANQUILITY,
PROVIDE FOR THE COMMON
DEFENSE, PROMOTE THE**

**GENERAL WELFARE, AND
SECURE THE BLESSINGS OF
LIBERTY, FOR OURSELVES AND
OUR CHILDREN AND
GENERATIONS YET TO COME.**

**TOO OFTEN, HOWEVER, THE
FEDERAL GOVERNMENT LOSES
ITS FOCUS, DREAMING UP NEW
WAYS TO INVOLVE WASHINGTON
-- BY FEDERAL MANDATES --**

**INTO THE DAILY LIVES OF THE
STATES AND YOUR CITIZENS. I
NOTICED IN A SUNDAY
NEWSPAPER THAT ONE OF YOU
DECLARED "THE PROBLEM
WE'VE GOT ARE MEMBERS OF
CONGRESS WHO DON'T HAVE A
CLUE WHAT'S GOING ON IN THE
STATES AND WHO
CONSISTENTLY TRY TO SOLVE**

**THEIR PROBLEMS BY PUSHING
THE BURDENS AND THE
RESPONSIBILITIES BACK TO THE
STATES." WHILE I DO HAVE A
CLUE, I CERTAINLY DON'T HAVE
ALL THE ANSWERS.**

**BUT ONE THING I DO KNOW
IS THAT THE FEDERAL
GOVERNMENT MUST DO A
BETTER JOB OF FULFILLING ITS**

**FUNDAMENTAL
RESPONSIBILITIES. THIS
DECADE OF THE 1990's
PRESENTS US WITH A UNIQUE
OPPORTUNITY TO DO JUST
THAT, IF WE WANT TO SECURE
OUR CLAIM TO WHAT CAN BE
CALLED "THE AMERICAN
CENTURY."**

**IN 1941, JUST AS WORLD
WAR II WAS ABOUT TO
COMMENCE, IT WAS HENRY
LUCE WHO DECLARED THAT
THIS WAS "THE AMERICAN
CENTURY." HE WAS RIGHT IN
TWO WAYS:**

**AMERICA WAS A LARGE,
POWERFUL FORCE FOR GOOD
AND FOR FREEDOM IN THE**

**GREAT STRUGGLES OF OUR
CENTURY AND, THE AMERICAN
WAY OF FREEDOM, DEMOCRACY,
AND CAPITALISM HAS BEEN THE
MODEL AND DREAM OF PEOPLE
EVERYWHERE OPPRESSED BY
TYRANNY.**

**BUT, THIS DESTINY HAS
NEVER BEEN INEVITABLE. AND,
AS WE STAND HERE TODAY, IT IS**

**NOT ASSURED. OUR
EXPERIMENT IN GOVERNMENT,
OUR CONTRIBUTIONS OF
SCIENCE AND TECHNOLOGY,
OUR PIONEERING OF INDUSTRY
AND MASS PRODUCTION, DO
NOT IN THEMSELVES
GUARANTEE THAT WE WILL
INDEED LIVE UP TO THE
PROMISE OF THE AMERICAN**

CENTURY.

**OUR DUTY NOW -- THOSE
OF US ENTRUSTED BY THE
CITIZENS WITH THE GENERAL
WELFARE OF AMERICA -- IS TO
SECURE THAT PLACE IN THE
HISTORY OF THIS CENTURY, AND
TO LEAVE OUR UNITED STATES
PREPARED FOR WHAT MIGHT
BECOME KNOWN AS "AMERICA'S**

MILLENNIUM."

**MUCH REMAINS TO BE
DONE IN THESE SEVEN AND A
HALF YEARS. THERE MUST BE A
NEW COMMITMENT TO THE
MOST BASIC PRINCIPLES UPON
WHICH AMERICA WAS
FOUNDED -- A GOVERNMENT
SECURE IN ITS FUTURE BY
PROVIDING SECURITY FOR ITS**

**PEOPLE. TOO MANY HAVE
COME TO LOOK TO
GOVERNMENT NOT JUST TO
SECURE THE BLESSINGS OF
LIBERTY, BUT TO ALSO HAND
THEM OUT. YET, IT'S IRONIC
THAT THE AMERICAN PEOPLE
HAVE GROWN MORE CYNICAL
ABOUT GOVERNMENT AS THE
GOVERNMENT HAS GROWN**

**LARGER. AS THE GOVERNMENT
PROMISES MORE AND MORE,
THE PEOPLE HAVE COME TO
RESPECT IT LESS AND LESS.
SO, AS THE CHALLENGES AHEAD
ARE GREAT, OUR COMMITMENT
MUST BE GREATER.**

**I'M NOT HERE JUST TO
REVIEW THE CONGRESSIONAL
AGENDA, BUT I DO WANT TO**

**TOUCH ON SEVERAL MATTERS
THAT I KNOW ARE OF CONCERN
TO YOU.**

HEALTH CARE

**YESTERDAY, PRESIDENT
CLINTON DISCUSSED ONE OF
OUR GREATEST CHALLENGES --
HEALTH CARE REFORM.**

**I AGREE WITH THE
PRESIDENT, REFORMING OUR**

**NATION'S HEALTH CARE SYSTEM
SHOULD BE A BIPARTISAN
EFFORT. AND CONSIDERING
THAT THERE IS SO MUCH THAT
WE AGREE UPON, I AM HOPEFUL
IT WILL BE. JUST ABOUT
EVERYONE AGREES ON THE
PRIMARY GOALS OF REFORM:
TO REDUCE HEALTH CARE
COSTS; TO ENSURE THAT**

**EVERYONE HAS ACCESS TO
AFFORDABLE HEALTH CARE; TO
CREATE A FAIR INSURANCE
SYSTEM, SO PEOPLE DON'T
HAVE TO WORRY ABOUT BEING
REJECTED WHEN THEY ARE SICK
OR WHEN THEY CHANGE JOBS;
TO MAINTAIN OUR CURRENT
HIGH QUALITY OF CARE, AND TO
IMPROVE ACCESS TO IT IN**

**RURAL AND INNER CITY AREAS;
TO REDUCE PAPERWORK AND
ADMINISTRATIVE COSTS; AND,
TO FIX THE MEDICAL
MALPRACTICE LAWS TO GET
BAD LAWYERS OUT OF THE
DOCTORS OFFICE, AND TO GET
BAD DOCTORS OUT OF THE
PRACTICE OF MEDICINE.**

BUT, WHILE WE AGREE ON

**THE GOALS, WE LACK A
CONSENSUS ON HOW TO SOLVE
OUR HEALTH CARE
CHALLENGES. AND THE
OUTLINE OF THE PRESIDENT'S
PLAN DOES RAISE GENUINE
CONCERNS FOR HEALTH CARE
CONSUMERS, PROVIDERS,
TAXPAYERS, BUSINESSMEN AND
WOMEN, AND YES, STATE**

**GOVERNMENTS. OUR PRIMARY
CONCERN CENTERS AROUND
THE ROLE OF THE FEDERAL
GOVERNMENT AS A REGULATOR,
ESPECIALLY THE PROSPECT OF
THE GOVERNMENT IMPOSING
EMPLOYER MANDATES. AND IF
FEDERAL REGULATIONS MEAN A
ONE-SIZE FITS ALL HEALTH
CARE POLICY, THERE MAY BE**

**FEWER OPPORTUNITIES FOR
STATES TO TEST APPROACHES
OF THEIR OWN. AND SO OFTEN,
IT IS THE STATES THAT ARE THE
MAJOR INNOVATORS IN
DEVELOPING NEW SOLUTIONS
TO OLD PROBLEMS.**

**IN THE VIEW OF SENATE
REPUBLICANS WHO ARE
WORKING ON PROPOSALS OF**

**OUR OWN, EMPLOYER
MANDATES WOULD DAMAGE THE
ECONOMY, AND HURT THOSE
WHO NEED HELP THE MOST --
NEW HIRES, SMALL BUSINESSES,
AND LOW INCOME WORKERS.
THAT'S NOT TO SUGGEST THAT
WE DON'T AGREE THAT WE
NEED TO LOOK AT HOW BEST
TO SHARE THE RESPONSIBILITY**

**BETWEEN THE PUBLIC AND
PRIVATE SECTORS ON
PROVIDING ACCESS. LIKE THE
ADMINISTRATION, WE ALSO
BELIEVE WE MUST BUILD ON
OUR EMPLOYER-BASED PRIVATE
INSURANCE SYSTEM WHEREVER
POSSIBLE.**

**MAKE NO MISTAKE, WE ALL
STILL HAVE MUCH TO LEARN ON**

**THIS ISSUE. AFTER ALL, WE
HAVE NOT YET HEARD FROM
CONSUMERS, PROVIDERS,
BUSINESSES OR GOVERNORS AT
CONGRESSIONAL HEARINGS ON
THIS ISSUE. BUT, CONSIDERING
THE MANY AREAS OF
AGREEMENT WE SHARE, I
REMAIN HOPEFUL THAT WE WILL
BE ABLE TO OVERCOME OUR**

**DIFFERENCES IN APPROACH.
HOWEVER, THERE ARE ALREADY
SIGNS THAT "BIPARTISANSHIP"
MAY MEAN PICKING OFF JUST
ENOUGH REPUBLICAN VOTES TO
PASS A PLAN, RATHER THAN A
TRULY TWO-PARTY EFFORT.
THAT'S NOT THE KIND OF
BIPARTISANSHIP I, OR THE
AMERICAN PEOPLE, HAVE IN**

MIND.

EDUCATION

**TO TRULY CLAIM THIS AS
THE AMERICAN CENTURY, WE
MUST HAVE AN EDUCATION
SYSTEM SECOND TO NONE. AS
WITH HEALTH CARE AND SO
MANY OTHER PARAMOUNT
ISSUES OF THIS TIME, THE**

**STATES ARE LIGHTING THE WAY,
AND WASHINGTON MUST NOT
DERAIL YOUR EFFORTS. THE SIX
EDUCATION GOALS YOU
DEvised -- BY WORKING IN A
NON-PARTISAN MANNER -- SET
THE NATIONAL AGENDA FOR
CHANGE IN EDUCATION FOR THE
REST OF THIS CENTURY. THEY
ARE BASED ON THE NEED FOR A**

**COMMUNITY BY COMMUNITY,
SCHOOL BY SCHOOL EFFORT BY
PARENTS, TEACHERS, THE
LOCALITIES AND THE STATES.**

**BUT, THOSE GOALS ARE
JEOPARDIZED IN MY VIEW BY A
BILL MAKING ITS WAY THROUGH
CONGRESS. THE HOUSE
VERSION SEEKS TO REVERSE
LOCAL CONTROL OF OUR**

**SCHOOLS AND IMPOSE WHAT
ARE CALLED "NATIONAL
DELIVERY STANDARDS," WHICH
WOULD BE OVERSEEN BY A
"NATIONAL EDUCATION
STANDARDS AND IMPROVEMENT
COUNCIL." IN A NUTSHELL,
RATHER THAN CONCERNING
OURSELVES WITH WHETHER
OUR STUDENTS ARE ACTUALLY**

**LEARNING, THE FEDERAL
GOVERNMENT COULD DICTATE
CLASS SIZE, THE NUMBER OF
COMPUTERS PER STUDENT,
POSSIBLY EVEN THE
TEXTBOOKS TO BE USED. THAT
BILL EVEN PROHIBITS ANY
FEDERAL MONEY FROM BEING
USED FOR NATIONAL TESTING
TO DETERMINE IF THESE NEW**

**FEDERAL STANDARDS WERE
DOING ANY GOOD.**

**IT'S A PRESCRIPTION FOR
CONTROL AND RUINATION BY
WASHINGTON, AND WE NEED
BIPARTISAN HELP IN DEFEATING
IT. WHILE SOME OF YOU WOULD
DISAGREE, I BELIEVE THE
DIRECTION OF EDUCATION
SHOULD BE MOVING JUST THE**

**OPPOSITE WAY, TOWARD
INITIATIVES LIKE CALIFORNIA'S
PROPOSITION 174, WHICH
WOULD PROVIDE VOUCHERS TO
PARENTS SO THEY COULD
DECIDE WHERE TO SEND THEIR
CHILDREN. THIS COMPETITION
IN THE FIELD OF EDUCATION
WOULD CERTAINLY BRING US
MORE RESULTS THAN ANYTHING**

WASHINGTON WOULD MANDATE.

CRIME AND IMMIGRATION

**YET, HOW CAN WE EXPECT
OUR CHILDREN TO LEARN WHEN
SO MANY OF OUR SCHOOLS
AND STREETS HAVE BECOME
BATTLEGROUND. THE
AMERICAN CENTURY CANNOT**

**TOLERATE A VIOLENT CRIME
RATE THAT HAS INCREASED
500% IN THE LAST 30 YEARS.
WE CANNOT ALLOW THE YOUNG,
THE POOR, THE ELDERLY, OR
ANY OTHER AMERICAN TO BE
TERRORIZED BY CRIMINAL
PREDATORS. TWO WEEKS AGO,
REPUBLICANS UNVEILED A
MAJOR ANTI-CRIME INITIATIVE,**

**AND THE PRESIDENT FOLLOWED
UP WITH HIS OWN LAST WEEK.
AND THERE'S ONE MAJOR
DIFFERENCE BETWEEN THE TWO
THAT SHOULD BE OF INTEREST
TO GOVERNORS OF BOTH
PARTIES. TO KEEP CAREER
CRIMINALS OFF THE STREETS,
THE REPUBLICAN PLAN
PROVIDES \$3 BILLION FOR**

**PRISON CONSTRUCTION, AND \$2
BILLION OF THAT WOULD BE
USED TO CONSTRUCT TEN
REGIONAL PRISONS FOR BOTH
FEDERAL AND STATE
OFFENDERS. THOSE PRISONS
WOULD BE AVAILABLE TO
STATES THAT ADOPT TRUTH IN
SENTENCING LAWS,
MANDATORY MINIMUM**

**SENTENCES, PRETRIAL
DETENTION AND VICTIMS'
RIGHTS LAWS. FURTHERMORE,
OUR BILL PROPOSES THAT \$1
BILLION WOULD BE USED FOR
MATCHING GRANTS TO STATES
FOR PRISON CONSTRUCTION
AND OPERATION.**

**NOW, DOMESTIC SECURITY
MUST ALSO EXTEND TO OUR**

**BORDERS. AMERICA IS A
GENEROUS COUNTRY, THE LAND
OF OPPORTUNITY. BUT, WE ARE
NOT A LAND OF UNLIMITED
RESOURCES, AND WE CAN'T
ALLOW OUR GENEROSITY TO BE
COMPROMISED BY AN
UNCHECKED INFLUX OF ILLEGAL
IMMIGRANTS, WHO SWELL LINES
FOR PUBLIC ASSISTANCE AND**

**PUT NEW BURDENS ON OUR
STATE AND LOCAL
GOVERNMENTS.**

SMALL BUSINESS

**NO NATION IS SECURE IN
ITS HOPES AND DREAMS
WITHOUT ECONOMIC SECURITY.
IN AMERICA, OUR ECONOMIC
SECURITY HAS ALWAYS BEEN**

**DRIVEN BY OUR PRIVATE
SECTOR EMPLOYERS, LED BY
SMALL BUSINESS MEN AND
WOMEN. OF THE FIVE MILLION
EMPLOYERS IN AMERICA TODAY,
4.5 MILLION HAVE FEWER THAN
20 EMPLOYEES. SOME 70% OF
ALL NEW JOBS ARE CREATED BY
THESE SMALL BUSINESSES.
REGRETTABLY, WHEN THE**

**FEDERAL GOVERNMENT IS NOT
OVER-REGULATING THE
PRODUCTS MANUFACTURED BY
MAIN STREET BUSINESSES, IT IS
OFTEN OVERTAXING THE VERY
SUCCESS THAT DRIVES OUR
ECONOMY.**

**YOU HEARD YESTERDAY
FROM JOHN MOTLEY OF THE
NATIONAL FEDERATION OF**

**INDEPENDENT BUSINESS, WHO
LAID OUT THE REAL CONCERNS
OF THESE AMERICANS, THESE
PROVIDERS OF JOBS, HAVE
ABOUT THE INCREASED
BURDENS BEING PLACED ON
THEM BY THE FEDERAL
GOVERNMENT -- THEIR
UNFUNDED MANDATES. ADDING
EVEN MORE TO THAT BURDEN IS**

**THE LAST THING SMALL
BUSINESSMEN AND WOMEN
NEED. THAT'S ONE REASON
WHY REPUBLICANS FOUGHT SO
STRONGLY AGAINST THE TAX
BILL JUST ENACTED. TO
PROTECT JOB CREATION IN
AMERICA, WE NEED TO PROTECT
SMALL BUSINESS.**

NAFTA

**WE ARE ON THE VERGE OF
TAKING A GREAT STRIDE
TOWARD ENHANCING OUR
NATION'S ECONOMIC SECURITY.
I'M TALKING ABOUT THE NORTH
AMERICAN FREE TRADE
AGREEMENT, WHICH I HOPE
CONGRESS WILL APPROVE THIS
FALL. YOU UNDERSTAND AS**

**WELL AS ANYONE HOW THE
AMERICAN ECONOMY AND THE
INTERNATIONAL ECONOMY ARE
LINKED. YOU KNOW HOW
IMPORTANT FOREIGN MARKETS
ARE FOR THE PRODUCTS MADE
IN YOUR STATES, FOR JOBS,
AND FOR LOCAL ECONOMIES.
AS A RESULT, I KNOW MANY OF
YOU HAVE LED TRADE AND**

**INVESTMENT MISSIONS
OVERSEAS -- SOME OF YOU
EVEN HAVE OFFICES ABROAD. I
ALSO KNOW NAFTA ISN'T
PERFECT -- THE U.S. DIDN'T GET
ALL IT WANTED, BUT NEITHER
DID CANADA OR MEXICO.
HOWEVER, CANADA AND
MEXICO ARE OUR FIRST AND
THIRD LARGEST TRADING**

**PARTNERS AND REPRESENT
GROWING MARKETS THAT MEAN
JOBS -- JOBS HERE IN THE
UNITED STATES. I BELIEVE A
MAJORITY OF REPUBLICANS ARE
READY, READY TO MOVE
QUICKLY IN APPROVING NAFTA,
BEFORE THE 1994 ELECTION
DASHES ALL HOPES OF
SECURING ITS PASSAGE. IF**

**NAFTA FAILS, WE WILL HAVE A
NEW POLITICAL TERM --
OR "TRADELOCK"
"BORDERLOCK" - AND KOREA,
JAPAN AND THE EUROPEAN
COMMUNITY WILL BE THE
WINNERS.**

FOREIGN POLICY

IF THERE HAS BEEN ONE

**HALLMARK OF THE AMERICAN
CENTURY TO DATE, IT HAS BEEN
OUR LEADERSHIP ON THE
WORLD STAGE. TO THE BENEFIT
OF THE PEOPLE OF ALL OF OUR
STATES, THE UNITED STATES
HAS LEAD IN TIMES OF WAR AND
IN TIMES OF PEACE. WHETHER
UNDER DEMOCRAT OR
REPUBLICAN ADMINISTRATIONS,**

**SINCE WORLD WAR II WE
AMERICANS HAVE SOUGHT TO
BRING OUR POWER AND
INFLUENCE TO BEAR ON THE
SIDE OF FREEDOM AND
DEMOCRACY. DURING THE
COLD WAR, THE UNITED STATES
STOOD AT THE HELM OF THE
NORTH ATLANTIC ALLIANCE,
GUIDING OUR ALLIES THROUGH**

**DIFFICULT DECISIONS, KEEPING
A UNIFIED FRONT AGAINST THE
VAST MILITARY MIGHT OF THE
SOVIET UNION. AMERICAN
LEADERSHIP AND NATO UNITY
PAID OFF -- EASTERN EUROPE
WAS FREED OF ITS SHACKLES
AND THE SOVIET STATE
CRUMBLED; MORE THAN 500
MILLION PEOPLE ARE FREE**

**TODAY LARGELY AS A RESULT
OF UNSWERVING U.S.
LEADERSHIP. THESE NEW
STATES ARE BUILDING
DEMOCRACIES AND MARKET
ECONOMIES WITH U.S.
TECHNICAL AND FINANCIAL
ASSISTANCE, AND OF COURSE,
INSPIRATION. MANY OF THESE
COUNTRIES ARE ALREADY NEW**

**MARKETS FOR U.S. PRODUCTS
AND SERVICES. NOW THAT THE
COLD WAR IS OVER, THERE ARE
THOSE WHO WOULD LIKE TO
GIVE UP AMERICA'S LEADERSHIP
ROLE AROUND THE GLOBE. THE
TERM "MULTILATERALISM" IS NO
LONGER USED TO DESCRIBE A
MEANS OF IMPLEMENTING
FOREIGN POLICY, BUT AS AN**

**EXCUSE FOR ABDICATING U.S.
LEADERSHIP.**

**WE HAVE ALREADY SEEN
THE EFFECT OF THIS "NEW"
MULTILATERALISM IN WAR-
RAVAGED BOSNIA-
HERCEGOVINA. WHILE THE
UNITED STATES HESITATES
FROM AFAR, THE UNITED
NATIONS AND THE EUROPEAN**

**COMMUNITY HAVE BEEN
ENGAGED IN DIPLOMATIC HAND-
WRINGING AS A MEMBER STATE
OF THE UNITED NATIONS IS
BEING GOBBLED UP --
DEFENSELESS BECAUSE OF AN
ARMS EMBARGO WHICH
VIOLATES THE VERY PRINCIPLES
OF THE U.N. CHARTER.
RESOLUTIONS ARE PASSED,**

**LETTERS ARE SENT, SPEECHES
ARE MADE AND MEDIATORS ARE
SENT TO GENEVA TO RATIFY ON
PAPER THE AGGRESSION ON
THE GROUND IN BOSNIA. IF
LORD OWEN AND THORVALD
STOLTENBERG GET THEIR WAY,
THE BOSNIANS WILL
SURRENDER 70% OF THEIR
COUNTRY WHILE THE UNITED**

**NATIONS BUREAUCRACY AND
THE EUROPEAN COMMUNITY
HAIL THE NEW PEACE AND PAT
THEMSELVES ON THE BACK.
ANY SUCH SETTLEMENT, WILL
NOT ONLY BE AN INVITATION TO
THAT BRUTAL DICTATOR IN
BELGRADE, SLOBODAN
MILOSEVIC, TO TIGHTEN HIS
GRIP ON THE ALREADY**

**SUFFERING SERBIAN PEOPLE
AND BEGIN FULL-SCALE ETHNIC
CLEANSING AGAINST
ALBANIANS IN KOSOVA, BUT AN
INVITATION TO OTHER
DICTATORS AND WOULD-BE
AGGRESSORS WHO ARE
LURKING IN THE SHADOWS OF
THE FORMER SOVIET UNION AND
ELSEWHERE. HOW MANY THUGS**

**AROUND THE WORLD WILL
R.S.V.P. TO THAT INVITATION?
HOW MANY OF THESE THUGS
HAVE ACCESS TO NUCLEAR OR
CHEMICAL WEAPONS?
THERE IS NO
SUBSTITUTE FOR U.S.
LEADERSHIP AND MAKE NO
MISTAKE ABOUT IT, THERE WILL
BE A CONTINUED NEED FOR IT.**

**IT DOESN'T MEAN WE MUST
POLICE THE WORLD, ON THE
OTHER HAND WE CANNOT
ALLOW THE PRINCIPLES OF
INTERNATIONAL LAW AND
ORDER TO BE VIOLATED WITH
IMPUNITY AND WATCH SILENTLY
AS REGIONAL INSTABILITIES
GROW UNCHECKED. NOR CAN
WE PUT FALSE HOPE AND HIGH**

**EXPECTATIONS INTO FLAWED
INSTITUTIONS, ESPECIALLY THE
UNITED NATIONS.**

**THE BLOATED
BUREAUCRACY OF THE UNITED
NATIONS IS INCAPABLE OF
TAKING SWIFT, EFFICIENT AND
EFFECTIVE ACTION -- EVEN IN
MATTERS WHERE HUMAN LIVES
ARE NOT AT STAKE.**

**FURTHERMORE, THE UNITED
NATIONS DOES NOT STAND FOR
THE SAME VALUES AND
PRINCIPLES THE UNITED STATES
STANDS FOR. AND, U.N.
SECRETARY GENERAL BOUTROS
BOUTROS-GHALI IS OBSESSED
ABOUT BEING IN CHARGE,
RATHER THAN ABOUT GETTING
THINGS DONE. MOST**

**RECENTLY, HE DEMANDED THAT
THE UNITED STATES WAIT FOR
HIS PERMISSION BEFORE NATO
TAKES ANY ACTION IN BOSNIA.
WELL, THE LAST TIME I
CHECKED, THE AMERICAN
PEOPLE DID NOT ELECT
BOUTROS-GHALI TO RUN U.S.
FOREIGN POLICY. AND WHILE IT
MAY BE TEMPTING TO TOSS**

**THINGS ON BOUTROS- GHALI'S
LAP IN VIEW OF THE MANY
DOMESTIC PROBLEMS AND
CHALLENGES WE FACE, WE
NEED TO REMEMBER THAT
AMERICAN STRENGTH IS
DERIVED NOT ONLY FROM OUR
ECONOMIC POWER AND
MILITARY MUSCLE, BUT FROM
OUR LEADERSHIP ABROAD. IT IS**

**THIS LEADERSHIP, SO
SKILLFULLY EXERCISED BY
REPUBLICANS AND DEMOCRATS
SINCE THE SECOND WORLD
WAR WHICH PROVIDES US WITH
LEVERAGE IN INTERNATIONAL
INSTITUTIONS AND
NEGOTIATIONS WHETHER ON
DIPLOMATIC ISSUES OR TRADE
ISSUES. MOREOVER, IT IS**

**AMERICAN GLOBAL LEADERSHIP
WHICH HAS MADE THE WORLD
SAFER AND MORE PROSPEROUS
-- NOT JUST FOR CITIZENS OF
OTHER COUNTRIES, BUT FOR
OUR OWN CITIZENS.**

*** * ***

SO, AS WE APPROACH THE

**YEAR 2000, WE STILL HAVE A BIG
JOB TO DO TO FULFILL THE
PROMISE OF "THE AMERICAN
CENTURY." AND THAT "WE"
DOESN'T JUST MEAN THOSE OF
US IN WASHINGTON, IT MEANS
YOU, YOUR STATE
LEGISLATURES, THE PEOPLE OF
ALL OF OUR STATES.
THAT JOB WON'T BE EASY.**

**WITH APPROVAL RATINGS FOR
CONGRESS HITTING ROCK
BOTTOM, THE AMERICAN
PEOPLE FRANKLY AREN'T
CERTAIN WE CAN GET THE JOB
DONE. BUT I'M AN OPTIMIST.
AND WORKING TOGETHER, I AM
CONFIDENT WE CAN MEET OUR
CHALLENGES AND MAKE
AMERICANS PROUD, NOT MORE**

**CYNICAL ABOUT THEIR
GOVERNMENT.**

**I SPEAK FOR ALL MY
SENATE REPUBLICAN
COLLEAGUES WHEN I SAY THAT
WE LOOK FORWARD TO
WORKING WITH YOU IN THE
MONTHS AND YEARS AHEAD.**

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